

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

LEGISLATIVE HISTORY

Public Law 147--77th Congress

Chapter 270--1st Session

H. R. 4972

TABLE OF CONTENTS

Digest of Public Law 147	1
Index and Summary of History on H. R. 4972	2

DIGEST OF PUBLIC LAW 147

INCREASE IN CREDIT RESOURCES AND CONTINUATION OF COMMODITY CREDIT CORPORATION. Continues the Commodity Credit Corporation from June 30, 1941, to June 30, 1943. Provides for annual appraisal of assets of the Corporation on the basis of cost, including not more than one year of carrying charges or a twelve month average market price, whichever is less. (Previous basis was market price at time of appraisal.) Increases from \$1,400,000,000 to \$2,650,000,000 the aggregate amount of bonds, notes, and debentures which the Corporation may have outstanding at any one time. Provides that whenever the Secretary finds it necessary during the emergency to encourage the expansion of production of any non-basic agricultural commodity, he shall do so, after making public announcement, through a commodity loan or purchase program or by other methods available to the Department so as to support a price of not less than 85 percent of parity or a comparable price. Declares it to be the policy of Congress that lending and purchase operations of this Department shall be carried out so as to bring the price and income of producers of non-basic commodities, after taking into account the ability of such producers to bring supplies into line with the demand, to parity with other commodities if additional funds are available.

Index and Summary of History on H. R. 4972

May 8, 1941 H. R. 4694 was introduced by Rep. Steagall and was referred to the House Committee on Banking and Currency. Print of the bill as introduced.

May 9, 1941 Hearings: House, H. R. 4972.

June 5, 1941 House Committee on Banking and Currency reported H. R. 4972. House Report 742. Print of the bill as reported.

June 20, 1941 Rules Committee reported House Res. 244 for the consideration of H. R. 4972. House Report 812,

June 26, 1941 House debated and passed H. R. 4972 with amendments.

June 27, 1941 Print of the bill as referred to the Senate Committee on Banking and Currency.

June 28, 1941 Senate Committee reported H. R. 4972 with amendment. S. Rept. 490. Print of the bill as reported.

Senate debated and passed H. R. 4972 with amendment.

Senate asks for Conference. House and Senate Conferees appointed.

June 30, 1941 Conference Report, H. Rept. 892, agreed to in House and Senate.

July 1, 1941 Approved. Public Law 147.

May 4, 1944 Federal Statutory Provisions Relating to Price Support for Agricultural Commodities. R. J. Shields. Sec. 4 of Public Law 147 known as Steagall Amendment".

Amendments:

77th Congress: Pub. Law 729.
78th Congress: Pub. Law 240.

77TH CONGRESS
1ST SESSION

H. R. 4694

IN THE HOUSE OF REPRESENTATIVES

MAY 8, 1941

Mr. STEAGALL introduced the following bill; which was referred to the Committee on Banking and Currency

A BILL

To continue Commodity Credit Corporation as an agency of the United States, to maintain its capital unimpaired, to increase its borrowing power, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 7 of the Act approved January 31, 1935 (49
4 Stat. 4), as amended, is amended (so as to extend the life
5 of the Commodity Credit Corporation as an agency of the
6 United States until the Congress otherwise directs) by strik-
7 ing from the first sentence thereof "until the close of business
8 on June 30, 1941, or such earlier date as may be fixed by the
9 President by Executive order" and inserting in lieu thereof
10 "until the Congress shall otherwise direct".

1 SEC. 2. Section 1 of the Act approved March 8, 1938
2 (52 Stat. 108), as amended, is amended (so as to limit ap-
3 propriations to restore capital impairment to realized losses)
4 by striking out the provisions of section 1 following the second
5 sentence thereof and substituting therefor the following:

6 “In addition to the appraisal of all the assets and lia-
7 bilities of the Corporation as of March 31, such report shall
8 show the following receipts and charges as determined by
9 the Secretary of the Treasury: (a) Receipts during the
10 twelve months preceding March 31 representing (1) profits
11 from the sale of commodities, and (2) income from interest
12 and other sources; (b) charges during such period represent-
13 ing (1) losses from the sale of commodities, (2) expendi-
14 tures for carrying charges, (3) expenses of operation (in
15 the case of administrative expenses, estimated expenses for
16 the entire fiscal year current at the time of such appraisal
17 shall be used in lieu of expenses during the twelve months’
18 period preceding March 31), and (4) accrued interest and
19 carrying charges payable as of March 31. In the event that
20 the report of such appraisal shows the net worth of the Cor-
21 poration to be less than \$100,000,000, the Secretary of the
22 Treasury shall, by a contribution to the Commodity Credit
23 Corporation, restore that part of its capital impairment equal
24 to the amount, if any, by which such receipts are less than
25 such charges: *Provided*, That in no event shall such con-

1 tribution be less than the amount by which the capital in-
2 pairment, as shown in such report of appraisal, exceeds
3 \$100,000,000. To enable the Secretary of the Treasury to
4 make such contribution to the Commodity Credit Corpora-
5 tion there is hereby authorized to be appropriated annually,
6 commencing with the fiscal year 1942, out of any money in
7 the Treasury not otherwise appropriated, an amount equal
8 to the contribution required to be made by the Secretary
9 of the Treasury as provided herein.”

10 SEC. 3. Section 2 of the Act approved March 8, 1938
11 (52 Stat. 108), as amended, is hereby amended (so as to
12 limit payments by the Corporation to the Treasury to realized
13 gains) to read as follows:

14 “In the event that the report of the appraisal made
15 pursuant to section 1 shows that the net worth of the Corpo-
16 ration exceeds \$100,000,000, the Commodity Credit Corpo-
17 ration shall, as soon as practicable after such report, deposit
18 in the Treasury, for credit to miscellaneous receipts, that part
19 of such excess equal to the amount, if any, by which the
20 receipts determined pursuant to section 1 hereof exceed the
21 charges so determined. The Secretary of the Treasury is
22 directed, as soon as practicable, to use any amount so de-
23 posited to retire an equal amount of the public debt, which
24 amount shall be in addition to any other amount required
25 to be used for such purpose.”

1 SEC. 4. Section 4 of the Act approved March 8, 1938
2 (52 Stat. 108), as amended, is amended (so as to increase
3 the borrowing power of the Commodity Credit Corporation
4 in order that it may act more effectively as an agency of
5 the United States) by striking from the first sentence
6 thereof "\$1,400,000,000" and inserting in lieu thereof
7 "\$2,400,000,000".



77TH CONGRESS
1ST Session

H. R. 4694

A BILL

To continue Commodity Credit Corporation as an agency of the United States, to maintain its capital unimpaired, to increase its borrowing power, and for other purposes.

By Mr. STEAGALL

MAY 8, 1941

Referred to the Committee on Banking and Currency

CONTINUANCE OF COMMODITY CREDIT CORPORATION

HEARINGS

BEFORE THE

COMMITTEE ON BANKING AND CURRENCY**HOUSE OF REPRESENTATIVES****SEVENTY-SEVENTH CONGRESS****FIRST SESSION**

ON

H. R. 4972**SUPERSEDING****H. R. 4694**

TO CONTINUE COMMODITY CREDIT CORPORATION
AS AN AGENCY OF THE UNITED STATES, TO
MAINTAIN ITS CAPITAL UNIMPAIRED, TO
INCREASE ITS BORROWING POWER,
AND FOR OTHER PURPOSES

MAY 9, 12, 15, 29, 30, JUNE 2, 3, 4, 1941

Printed for the use of the Committee on Banking and Currency



COMMITTEE ON BANKING AND CURRENCY

HENRY B. STEAGALL, Alabama, *Chairman*

CLYDE WILLIAMS, Missouri
BRENT SPENCE, Kentucky
THOMAS F. FORD, California
PAUL BROWN, Georgia
WRIGHT PATMAN, Texas
WILLIAM B. BARRY, New York
LEON SACKS, Pennsylvania
ALBERT GORE, Tennessee
WILBUR D. MILLS, Arkansas
A. S. MIKE MONRONEY, Oklahoma
WALTER A. LYNCH, New York
HERMAN P. KOPPLEMANN, Connecticut
HALE BOGGS, Louisiana
MERLIN HULL, Wisconsin

JESSE P. WOLCOTT, Michigan
CHARLES L. GIFFORD, Massachusetts
FRED L. CRAWFORD, Michigan
RALPH A. GAMBLE, New York
ROBERT W. KEAN, New Jersey
JESSIE SUMNER, Illinois
FREDERICK C. SMITH, Ohio
JOHN C. KUNKEL, Pennsylvania
THOMAS ROLPH, California
CHARLES S. DEWEY, Illinois

JAMES DOUGLAS BROWN, *Clerk*

CONTENTS

	Page
Statement of—	
Rudolph M. Evans, Administrator, Agricultural Adjustment Administration.....	2
Carl C. Farrington, vice president, Commodity Credit Corporation.....	77, 193, 213, 221
Carl B. Robbins, president, Commodity Credit Corporation.....	24, 52
Robert Shields, general counsel, Commodity Credit Corporation.....	77
Milo Perkins, Administrator, Surplus Marketing Administration.....	77, 99
Edward A. O'Neal, president, American Farm Bureau Federation...	139
Walter A. Randolph, president, Alabama Farm Bureau.....	177
Alex Johnson, Berkeley, Calif.....	188

CONTINUANCE OF COMMODITY CREDIT CORPORATION

FRIDAY, MAY 9, 1941

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

The committee met at 10:30 a. m., pursuant to call, Hon. Henry B. Steagall (chairman) presiding.

Members present: Messrs Steagall, Williams, Spence, Ford, Brown, Patman, Sacks, Gore, Mills, Monroney, Hull, Wolcott, Crawford, Gamble, Kean, Miss Sumner, Messrs, Smith, Kunkel, and Rolph.

The CHAIRMAN. The committee will come to order.

We have set for hearing this morning H. R. 4694, a bill to continue Commodity Credit Corporation as an agency of the United States, to maintain its capital unimpaired, to increase its borrowing power, and for other purposes.

(The committee had under consideration H. R. 4694, which is as follows:)

[H. R. 4694, 77th Cong., 1st scss.]

A BILL To continue Commodity Credit Corporation as an agency of the United States, to maintain its capital unimpaired, to increase its borrowing power, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 7 of the Act approved January 31, 1935 (49 Stat. 4), as amended, is amended (so as to extend the life of the Commodity Credit Corporation as an agency of the United States until the Congress otherwise directs) by striking from the first sentence thereof "until the close of business on June 30, 1941, or such earlier date as may be fixed by the President by Executive order" and inserting in lieu thereof "until the Congress shall otherwise direct".

SEC. 2. Section 1 of the Act approved March 8, 1938 (52 Stat. 108), as amended, is amended (so as to limit appropriations to restore capital impairment to realized losses) by striking out the provisions of section 1 following the second sentence thereof and substituting therefor the following:

"In addition to the appraisal of all the assets and liabilities of the Corporation as of March 31, such report shall show the following receipts and charges as determined by the Secretary of the Treasury: (a) Receipts during the twelve months preceding March 31 representing (1) profits from the sale of commodities, and (2) income from interest and other sources; (b) charges during such period representing (1) losses from the sale of commodities, (2) expenditures for carrying charges, (3) expenses of operation (in the case of administrative expenses, estimated expenses for the entire fiscal year current at the time of such appraisal shall be used in lieu of expenses during the twelve months' period preceding March 31), and (4) accrued interest and carrying charges payable as of March 31. In the event that the report of such appraisal shows the net worth of the Corporation to be less than \$100,000,000, the Secretary of the Treasury shall, by a contribution to the Commodity Credit Corporation, restore that part of its capital impairment equal to the amount, if any, by which such receipts are less than such charges: *Provided*, That in no event shall such contribution be less than the amount by which the capital impairment, as shown in such report of appraisal, exceeds \$100,000,000. To enable the Secretary of the Treasury to make such contribution to the Commodity Credit Corporation there is hereby authorized to be appropriated annually, commencing with the fiscal year 1942, out of any money in

the Treasury not otherwise appropriated, an amount equal to the contribution required to be made by the Secretary of the Treasury as provided herein."

Sec. 3. Section 2 of the Act approved March 8, 1938 (52 Stat. 108), as amended, is hereby amended (so as to limit payments by the Corporation to the Treasury to realized gains) to read as follows:

"In the event that the report of the appraisal made pursuant to section 1 shows that the net worth of the Corporation exceeds \$100,000,000, the Commodity Credit Corporation shall, as soon as practicable after such report, deposit in the Treasury, for credit to miscellaneous receipts, that part of such excess equal to the amount, if any, by which the receipts determined pursuant to section 1 hereof exceed the charges so determined. The Secretary of the Treasury is directed, as soon as practicable, to use any amount so deposited to retire an equal amount of the public debt, which amount shall be in addition to any other amount required to be used for such purpose."

Sec. 4. Section 4 of the Act approved March 8, 1938 (52 Stat. 108), as amended, is amended (so as to increase the borrowing power of the Commodity Credit Corporation in order that it may act more effectively as an agency of the United States) by striking from the first sentence thereof "\$1,400,000,000" and inserting in lieu thereof "\$2,400,000,000".

The CHAIRMAN. I am going to ask Mr. Evans, Administrator of the Agricultural Adjustment Administration, to come around and discuss this bill.

STATEMENTS OF RUDOLPH M. EVANS, ADMINISTRATOR, AGRICULTURAL ADJUSTMENT ADMINISTRATION, AND CARL C. FARRINGTON, VICE PRESIDENT, COMMODITY CREDIT CORPORATION

The CHAIRMAN. The committee will be glad to hear you, Mr. Evans. You can proceed in your own way to discuss this measure and give us such information as you may desire.

Mr. EVANS. Mr. Chairman and members of the committee, the loan provisions of the Agricultural Adjustment Act are a very important part of that act and very necessary if the farmers of America are to be spared the fate that has befallen farmers in other surplus-producing countries.

The loan provisions of the act are administered by the Commodity Credit Corporation, and it is necessary that that corporation be continued in order that those loans will be available to farmers, and it is also necessary that their borrowing power be increased materially in view of the added burden that has been placed upon the Agricultural Adjustment Act during the emergency period.

I think it is a fair statement to say that if it were not for the Agricultural Adjustment Act the American farmer, especially the farmer who is producing a surplus crop, like cotton, wheat, tobacco, and even corn to some extent, would be in one of the worst depressions that this country has ever suffered from an agricultural standpoint.

I received a letter yesterday from a wheat farmer in Saskatchewan, Canada, whom I happen to know from years of contact with that part of the country. The wheat farmers up there, in the heavy wheat-producing section of Canada, are so badly off that they are requesting us to get and send them some old clothes.

I have recently talked with people from Australia and other foreign countries. In Australia the situation has become so acute that the government has found it necessary to license the people who desire to grow wheat in order that the government may have a measure of control. And of course the price will be the government price, mate-

rially lower than the price wheat farmers get in America. The same would be true with cotton and tobacco.

So it is very necessary, if the best interests of the American farmer are to be properly served, that the Commodity Credit Corporation be extended.

We are holding a referendum the 31st of May for wheat marketing quotas under the act. If the vote in referendum is favorable the farmers will be entitled to a loan. That loan would go in operation some time after the Corporation would have to be extended. And without that loan the present prospective wheat crop, which is a rather large one, undoubtedly would sell for 35 or 40 cents a bushel. With the loan and control program in operation it would sell for at least twice that amount, and maybe more.

As to the reason for increasing the borrowing power of the Commodity Credit Corporation, I think the committee should, as undoubtedly the committee does, recognize the fact that during the emergency period the farmer has been given the responsibility of having more than usual supplies of food and fiber available for whatever emergency may arise. It is certainly safe to say that if it had not been for the emergency period the acreage of corn and wheat last year would have been materially lower than it is, simply because it was thought advisable to have an abundance on hand. And about the only way that you can have an abundance on hand and still protect the price structure for the farmers is through commodity loans.

I think that the farmer can point with pardonable pride to the fact that when the emergency arrived he, at least, was fully prepared to furnish almost any reasonable amount that might be asked of him.

There are a number of other commodities that we are going to be asked to produce and store, not knowing for certain just when the demand will arise nor the magnitude of the demand. Without the Commodity Credit Corporation, of course, that could not be accomplished. It is going to be very, very necessary if agriculture goes through this trying period intact that the Commodity Credit Corporation be continued and its credit expanded.

I believe, Mr. Chairman, that that general statement indicates rather clearly the necessity for continuing the life of the Corporation and also the necessity for increasing the credit or borrowing power if we are to fulfill our obligations to the farmers and to our friends in the other democracies.

Mr. SACKS. How much does your Department contemplate will be used by foreign countries as a result of our policy established in the way of helping these democracies as to foodstuffs?

Mr. EVANS. It is rather difficult to forecast it very far in advance because of the acuteness of the shipping situation.

However, the Secretary announced a short time ago a program for materially increasing concentrated foods, like dairy products, poultry products, and certain meat products. Now, those will be processed into as concentrated form as possible. For example, eggs will be dried and milk may be in the form of cheese. A lot of pork products will be canned to conserve shipping space and get it over there. We feel that if we are going to fulfill our part in national defense, agriculture should fulfill it by being a larder for the democracies. To do this it is obligatory that we have unusually heavy supplies on hand.

Mr. SACKS. How much have we imported in the past year?

Mr. EVANS. Before the war broke out in Europe?

Mr. SACKS. No; last year. The war has been in Europe for a year.

Mr. EVANS. We used to export anywhere from one hundred to one hundred and fifty million bushels of wheat, anywhere from six to seven million bales of cotton, and, roughly, around 30 to 40 percent of our tobacco crop, a small amount of corn, and a rather large amount of pork products. We used to export, roughly, around half of some of our citrus fruits.

Mr. SACKS. How much cotton did we send to Japan?

Mr. EVANS. I think we used to send Japan about 1,500,000 bales. Is not that right, Mr. Farrington?

Mr. FARRINGTON. Yes; it has been about that.

Mr. EVANS. Yes; about that.

Mr. Chairman, I would like to correct these figures, because I am talking strictly now from memory.

The CHAIRMAN. You are speaking now of normal export trade?

Mr. EVANS. Yes.

Mr. SACKS. I am speaking of it last year.

Mr. EVANS. I do not know, but I would be glad to furnish that figure for the record, if you would like to have it.

Mr. SACKS. Yes.

(The statement referred to is as follows:)

Exports of specified agricultural commodities, quantity and value, 1936-40

Calendar year	Cotton		Wheat ¹		Tobacco ²		Corn ³		Pork products ⁴	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
	<i>1,000 bales ⁵</i>	<i>1,000 dollars</i>	<i>1,000 bushels</i>	<i>1,000 dollars</i>	<i>1,000 pounds</i>	<i>1,000 dollars</i>	<i>1,000 bushels</i>	<i>1,000 dollars</i>	<i>Million pounds</i>	<i>1,000 dollars</i>
1936.....	5,652	353,822	19,173	19,350	425,269	137,332	6,873	915	180.1	27,511
1937.....	6,070	390,023	55,776	63,978	434,796	134,520	6,139	4,241	200.0	29,307
1938.....	4,577	224,293	111,409	101,236	489,093	155,671	147,940	94,880	300.2	35,648
1939.....	4,809	239,222	99,623	61,390	358,489	77,422	32,660	20,270	406.8	40,406
1940.....	3,836	209,232	41,522	32,591	236,192	44,045	38,679	25,991	295.1	22,629

¹ Includes wheat equivalent of flour.

² Leaf, stems, and scrap.

³ Includes corn equivalent of cornmeal.

⁴ Includes bacon, hams, shoulders; canned, fresh, and pickled pork; and lard.

⁵ 500-pound bales.

Source: Office of Foreign Agricultural Relations, U. S. Department of Agriculture.

Mr. SACKS. Suppose the President of the United States should put a ban on cotton to Japan or some action take place in the Orient to cause that, would that make it necessary to the Corporation to increase substantially its carrying of cotton?

Mr. EVANS. Well, several things have been done to help out the cotton situation specifically.

Cotton depends on the export market to absorb quite a heavy percentage of its yearly production.

This year the domestic consumption of cotton will probably run around 9,500,000 bales.

Mr. SACKS. Nine and a half billion?

Mr. EVANS. No; million. And exports probably will be somewhere around three-quarters of a million bales.

Mr. SACKS. How much?

Mr. EVANS. Three quarters of a million, something around that.

And then we have put on a supplemental cotton program, which will undoubtedly reduce the production of cotton this year. I believe that on August 1, when the new crop starts to move, we will probably have between nine and nine and a quarter million bales of cotton in the loan, which I think is rather a remarkable record in view of the blockade of our former markets.

Mr. SACKS. How much cotton, by the way, has been going to the democracies?

Mr. EVANS. I could not tell you. We would have to check it up with the Office of Foreign Agricultural Relations.

Mr. SACKS. Is it not true that approximately 100 percent of the cotton exported has been going to Japan?

Mr. EVANS. Offhand, I would say "No."

Mr. SACKS. What percentage of cotton has been going there?

Mr. EVANS. The British have taken all the cotton they can. We have subsidized the exportation of cotton goods which go to South America, as we are subsidizing to a small extent the exportation of flour from the Pacific Northwest to South America. The reason we are exporting it as flour instead of wheat is, of course, to give employment to American labor, on one hand, and to cut down the shipping space, on the other.

Mr. SACKS. What I am getting at is this: I read in the paper a short while ago, and I think the paper said close to 100 percent—but I did not believe it—went to Japan. They said at least that went to Japan, which finally found its way into Germany and the Axis Powers. If that is true I would like to know whether or not directly or indirectly the cotton is going to the Axis Powers. The story is that Japan has been the purchasing agent for them in shipping it through Japan and Russia. If they take 80 to 90 percent of our cotton exports I would like to know that; I would like to know whether this commodity has been used in that way.

Mr. EVANS. There has not been, so far as I know, an embargo upon the shipment of cotton to Japan; that is, if the Japanese wanted to come into the American market and buy 1,000 bales of cotton and ship them to Japan, they could do so and we could not do anything to prevent that.

Mr. SACKS. I am not complaining about that. I know the law allows that privilege to Japan, but I wonder whether that statement made in the newspapers was true or not.

Mr. FARRINGTON. Shall I answer that?

Mr. EVANS. I wish you would.

Mr. FARRINGTON. As Mr. Evans indicated, we normally exported six to eight million bales of cotton annually.

The amount going to Japan increased very rapidly up until about 1930. I think it got up to about 25 percent of the total. From 1930 to 1940, that percentage remained about stationary. During this current year we will probably export about 1,000,000 bales, in total, and it is estimated that around 200,000 bales will go to Japan this year.

Mr. SACKS. One-fourth of it. How much went to Russia?

Mr. FARRINGTON. Somewhat over 100,000 bales, I believe. This represents some increase in the amount going to Russia.

Mr. SACKS. How much went to the Philippines?

Mr. FARRINGTON. Practically none.

Mr. SACKS. In other words, Russia and Japan have taken about 50 percent of it, is that right?

Mr. FARRINGTON. Hardly that much.

Mr. SACKS. How is that?

Mr. FARRINGTON. Closer to 40, I would say.

Mr. SACKS. You say 40 percent of our export cotton has gone to Japan and Russia?

Mr. FARRINGTON. We have exported about one-sixth or one-seventh as much as we normally export.

Mr. MONRONEY. Those exports were 1,000,000 bales you say?

Mr. FARRINGTON. 1,000,000 bales; yes.

Mr. MONRONEY. And about 400,000 bales went to Russia and Japan?

Mr. FARRINGTON. No; about 100,000 bales.

Mr. GORE. You said from 1930 to 1940 that Japan took, generally speaking, about 25 percent?

Mr. FARRINGTON. Yes, sir; something like that.

Mr. GORE. That is about correct as to usual exports. But with this lowered export this year they are only taking one-fourth?

Mr. FARRINGTON. Yes.

Mr. GORE. Would not that mean that Japan is buying less cotton this year than last year?

Mr. FARRINGTON. Yes.

Mr. EVANS. Oh, very materially. They used to take around 1,250,000 bales.

Mr. GORE. So there is no basis for saying exportations have increased.

Mr. EVANS. It depends on whether you mean percentage or quantity. They are only taking a small part of it.

The CHAIRMAN. You are not even getting one-fourth of what you get in normal times.

Mr. EVANS. That is right.

The CHAIRMAN. You are getting 200,000 bales now, whereas you have been getting 1,250,000 under normal conditions.

Mr. EVANS. Yes.

Mr. SACKS. I just wanted to find out whether we are subsidizing cotton which is going to Axis powers.

Mr. BROWN. How much pork do you ship?

Mr. EVANS. Under the new lease-lend bill?

Mr. BROWN. Yes; and go back as far as 1930. Most everybody is interested in pork.

Mr. EVANS. Would you like to have those figures in the record showing that?

Mr. BROWN. Yes.

Mr. EVANS. I will be glad to put them in.

(The statement referred to is as follows:)

Destination of United States exports of pork products

FRESH PORK

[1,000 pounds]

Year beginning July	Exports of pork products to—						Total exports
	United Kingdom	Other Europe	Total Europe	Canada	Cuba	Other countries	
1935-36	1,976	11	1,987	23	63	1,157	3,230
1936-37	2,054	1	2,055	76	110	1,468	3,709
1937-38	5,163	50	5,213	228	97	1,220	6,758
1938-39	6,542	620	7,162	6,699	41	2,284	16,186
1939-40	10,075	345	10,420	39,137	79	3,579	53,215

BACON AND SIDES

1935-36	1,264	67	1,331	78	1,940	990	4,339
1936-37	1,213	51	1,264	60	1,270	1,392	3,986
1937-38	1,143	1,876	3,019	513	795	1,364	5,691
1938-39	5,808	3,683	9,491	952	980	1,843	13,266
1939-40	13,742	3,389	17,131	2,271	741	2,469	22,612

HAMS AND SHOULDERS

1935-36	40,713	20	40,733	446	2,451	3,090	46,720
1936-37	33,993	14	34,007	490	2,270	2,490	39,257
1937-38	42,312	158	42,470	529	2,412	2,887	48,298
1938-39	50,797	32	50,829	2,061	2,366	3,468	58,724
1939-40	26,958	2	26,960	2,798	2,567	4,530	36,855

CANNED PORK

1935-36	6,403	46	6,449	161	-----	1,139	7,749
1936-37	6,564	66	6,630	197	-----	1,270	8,097
1937-38	6,338	75	6,413	19	-----	1,187	7,619
1938-39	8,039	54	8,093	30	-----	1,310	9,433
1939-40	7,042	18	7,060	111	-----	1,929	9,100

PICKLED PORK

1935-36	549	57	606	1,110	1,223	4,549	7,488
1936-37	365	215	580	2,980	1,050	5,365	9,975
1937-38	1,163	1,227	2,390	2,327	1,138	5,522	11,377
1938-39	1,420	1,432	2,852	3,608	1,866	4,969	13,295
1939-40	4,464	2,042	6,506	3,361	2,273	6,431	18,571

LARD

1935-36	53,307	6,961	60,268	1,076	24,154	3,362	88,860
1936-37	53,852	4,924	58,776	3,405	35,369	5,453	103,003
1937-38	119,267	8,789	128,056	1,399	44,776	15,311	189,542
1938-39	143,209	10,559	153,768	1,162	52,177	32,362	239,469
1939-40	92,129	39,917	132,046	3,160	63,842	57,756	256,804

Source: U. S. Department of Agriculture, Office of Foreign Agriculture Relations.

Mr. GORE. Did not our cash-and-carry policy greatly decrease agricultural purchases by Great Britain and by the Kingdom of Great Britain?

Mr. EVANS. I think probably it is safer to say that after Great Britain went into the war she used every possible device to save dollar exchange to buy airplanes and munitions of war. Until the shipping situation became acute Great Britain had sources of food products in the colonies and in the Argentine that were quite adequate to meet any demands that she might have. But now that the shipping situation has become acute it is necessary to use a shorter haul in

order that the ships may make more round trips. So now the British would buy a great deal more in the United States than they would have a year ago or 2 years ago.

Mr. PATMAN. In addition to pork products I suggest you include dairy products, too, please.

Mr. EVANS. Yes, sir.

Mr. WOLCOTT. Have you any figures on the world production and consumption of cotton in the last 12 years?

Mr. EVANS. Yes; we can put all of that in the record for you if you want it.

Mr. WOLCOTT. Can you put in the record where the cotton was produced?

Mr. EVANS. By countries? Yes, sir.

Mr. WOLCOTT. By countries.

Mr. EVANS. Yes.

Mr. WOLCOTT. Will you put in the record the last table showing the world production and the world consumption of cotton for the last 12 years, by countries?

Mr. EVANS. If those figures go back that far, we will put them in for you as far as they go back.

Mr. WOLCOTT. It is purely arbitrary.

Mr. EVANS. I thought it was an arbitrary figure.

Mr. WOLCOTT. Yes.

(The statements referred to are as follows:)

*Cotton: Production, world and selected countries, 1927-40*¹

[1,000 bales²]

Year beginning August—	Estimated world total, including China	Selected countries										
		United States	India ³	China ⁴	Union of Soviet Socialist Republics	Egypt	Brazil	Peru	Mex-ico	Argen-tina	Uganda	Anglo-Egyptian Sudan
1927-----	24,890	12,956	4,934	2,824	1,096	1,261	464	246	179	115	116	111
1928-----	26,880	14,477	4,791	2,720	1,174	1,672	430	225	278	118	171	142
1929-----	26,860	14,825	4,331	2,458	1,229	1,768	571	303	246	150	108	139
1930-----	26,230	13,932	4,300	2,615	1,587	1,715	483	271	178	139	158	106
1931-----	27,820	17,097	3,325	2,092	1,845	1,323	555	234	210	169	173	206
1932-----	24,360	13,003	3,844	2,720	1,816	1,028	481	242	102	150	247	121
1933-----	26,890	13,047	4,189	2,981	1,887	1,777	1,014	278	260	200	239	135
1934-----	23,840	9,636	3,987	3,243	1,687	1,566	1,328	342	223	295	212	227
1935-----	26,750	10,638	4,877	2,667	2,250	1,769	1,757	393	251	373	269	201
1936-----	31,470	12,399	5,190	3,870	3,400	1,887	1,824	386	395	144	283	268
1937-----	38,650	18,946	4,741	3,600	3,700	2,281	2,075	415	340	237	349	264
1938-----	29,000	11,943	4,248	2,300	3,800	1,728	1,989	400	306	327	253	263
1939 ⁵ -----	28,800	11,817	4,136	1,900	4,000	1,801	2,105	378	310	362	289	236
1940 ⁶ -----		12,696	4,718	2,354	3,200	1,923	-----	383	288	369	-----	-----

¹ Theoretically these estimates all include the total cotton production in each country. They are frequently referred to as estimates of the "agricultural crop" to distinguish them from estimates of the "commercial crop" which excludes that cotton consumed on hand spindles or in other ways, without entering commercial channels. These estimates, therefore, should average larger than the estimates of the commercial crop. Because of inaccuracies in some of the available estimates, however, this is not always true. Differences from year to year between these 2 series of production estimates for a given country, and in turn the total for all foreign countries, may also occur for 2 other reasons: (1) Because of changes in stocks of cotton on hand at the beginning and end of the cotton-marketing season (which changes are used in estimating the production of commercial cotton in many foreign countries), and (2) because of changes in the quantity of cotton from a given "agricultural crop" which is ginned or marketed within a given marketing season.

² Bales of 478 pounds.

³ Excludes Burma.

⁴ Includes Manchuria.

⁵ Preliminary.

⁶ Data not yet complete.

Source: Bureau of Agricultural Economics. Compiled from official sources, International Institute of Agriculture, and estimates of the Bureau of Agricultural Economics.

United States and world production and consumption of cotton, by crop years, 1927-39

Crop year beginning Aug. 1—	World production ¹	United States pro- duction ¹		World mill consumption of specified growths ²				United States consump- tion of cotton ³
		Total	As per cent of world	Total	Foreign- produced	American-produced		
						Actual	Percent of total	
	<i>1,000 bales⁴</i>	<i>1,000 bales⁴</i>	<i>Percent</i>	<i>1,000 bales⁵</i>	<i>1,000 bales⁵</i>	<i>1,000 bales⁵</i>	<i>Percent</i>	<i>1,000 bales⁶</i>
1927-28.....	24,890	12,956	52.05	25,442	9,866	15,576	61.22	6,834
1928-29.....	26,880	14,477	53.86	25,778	10,552	15,226	59.07	7,091
1929-30.....	26,860	14,825	55.19	24,875	11,854	13,021	52.35	6,106
1930-31.....	26,230	13,932	53.11	22,432	11,376	11,056	49.29	5,263
1931-32.....	27,820	17,097	61.46	22,889	10,361	12,528	54.73	4,866
1932-33.....	24,360	13,003	53.38	24,631	10,266	14,385	58.35	6,137
1933-34.....	26,890	13,047	48.52	25,602	11,822	13,780	53.82	5,700
1934-35.....	23,840	9,636	40.42	25,480	14,274	11,206	43.98	5,361
1935-36.....	26,750	10,638	39.78	27,529	15,026	12,503	45.42	6,351
1936-37.....	31,470	12,399	39.40	30,638	17,545	13,093	42.73	7,950
1937-38.....	38,650	18,946	49.02	27,573	16,778	10,795	39.15	5,748
1938-39.....	29,000	11,943	41.18	28,507	17,258	11,249	39.46	6,858
1939-40.....	28,800	11,817	41.03	28,461	15,585	12,876	45.24	7,784

¹ Bureau of Agricultural Economics. Compiled from official sources, International Institute of Agriculture, and estimates of the Bureau of Agricultural Economics.

² Bureau of Agricultural Economics. Compiled from reports of the New York Cotton Exchange.

³ Agricultural Marketing Service. Compiled from reports of the Bureau of the Census.

⁴ Bales of 478 pounds.

⁵ American in running bales (counting round as half bales); foreign in bales of approximately 478 pounds net.

⁶ In running bales (counting round as half bales).

⁷ Excluding 100,000 bales destroyed in China.

Mr. WOLCOTT. And also can you furnish us with information covering the same period of time as to our exports of cotton?

Mr. EVANS. Yes.

(The statement referred to is as follows:)

Destination of United States exports of cotton, by crop years, 1936 to date

[Thousand bales¹]

Crop year beginning Aug. 1	Exports to—						Total exports
	Japan	China	Russia	Indo- China	United Kingdom	Other countries	
1936-37.....	1,550	14	1	11	1,144	2,720	5,440
1937-38.....	691	23	(2)	26	1,552	3,306	5,598
1938-39.....	864	86	-----	19	401	1,957	3,327
1939-40.....	914	408	-----	29	1,905	2,936	6,192
1940-41 ³	58	45	139	27	344	217	830

¹ Running bales.

² Less than 500 bales.

³ Through March 1941.

Mr. SACKS. Mr. Evans, have we been shipping any foodstuffs to Britain and the democracies in the period of the last 6 months?

Mr. EVANS. Yes, sir; we have shipped food to Great Britain in the last few months.

Mr. SACKS. Have you any way of knowing how much reached England? Have you any check on it?

Mr. EVANS. No, sir; I do not.

Mr. SACKS. Your Secretary of Agriculture made a statement the other day saying a vast amount of it went to the bottom. Whether

he meant agricultural products or anything else I do not know. But you have no way of knowing what reached the democracies, have you?

Mr. EVANS. No, sir; I think that is kept largely as a military secret.

Mr. SACKS. And also they went of course in foreign bottoms. Under the law they would have to.

Mr. EVANS. As far as I know; yes. I do not know.

Mr. SACKS. They would have to under the law.

Mr. WOLCOTT. The Maritime Commission made a statement the other day that only eight out of two or three hundred boats went to the bottom.

Mr. MONRONEY. That was from New York, but a lot of it goes through Canada.

Mr. SACKS. That is what I want to know. How much has reached the other side?

Mr. WOLCOTT. But the Nazis can pick them up from Canada as well as from the United States.

Mr. EVANS. I do not know about that.

Mr. HULL. To what extent have we been shipping dairy products to Britain?

Mr. EVANS. Sir?

Mr. HULL. To what extent have we been shipping or exporting dairy products to Britain?

Mr. EVANS. They are very anxious to get dairy products because that is a concentrated food; I think they are taking about all they can work into the shipping that is available.

The price of dairy products has increased quite a bit in the last few months.

Mr. HULL. You have bought a lot of cheese, have you not?

Mr. EVANS. Yes, sir.

Mr. HULL. Would you include in the record the amount of cheese purchased and the firms, who the bidders were? Would that be possible?

Mr. EVANS. Insofar as our records are available, we will answer any question you want to put forward here. We can tell you how much we have bought to date, and I think they can break it down further than that.

Mr. HULL. I want to know who they bought it from.

Mr. EVANS. They buy it by competitive bidding.

Mr. HULL. And included in that, cheese which has been shipped to England, some has been bought in Canada by American firms and sold to the Corporation.

Mr. EVANS. I would seriously question that they were doing that.

Mr. FORD. Would not that be in the Commerce Department field?

Mr. EVANS. Yes; I think so.

The Department of Agriculture will know how much was purchased, and we can answer the Congressman's question fully on that.

Mr. FORD. If anybody would know, the Commerce Department would.

Mr. HULL. When the bidders bid do you require American cheese? Or do you accept any cheese they happen to be handling?

Mr. EVANS. Our policy along that line is strictly this: Insofar as possible we buy products directly from the farmer or farmer cooperative.

Mr. HULL. As a matter of fact, you have purchased butter but how much cheese have you purchased?

MR. EVANS. I cannot answer that question offhand. I can give you the information for the record.

(The statement referred to is as follows:)

Firms from which cheese was purchased by the Federal Surplus Commodities Corporation Mar. 11, 1941, to May 5, 1941

	Location
American Produce Co., Inc.	Portland, Oreg.
Armour & Co.	Chicago, Ill.
Belle Center Creamery & Cheese Co.	Belle Center, Ohio.
Central Cheese Co.	Marshfield, Wis.
Consolidated Dairy Products Co.	Seattle, Wash.
Cudahy Packing Co.	Chicago, Ill.
Fort Worth Poultry & Egg Co.	Fort Worth, Tex.
Interstate Associated Corporation	Portland, Oreg.
J. S. Hoffman Co.	Chicago, Ill.
Kraft Cheese Co.	Do.
Lakeshire Marty Co.	Plymouth, Wis.
Miller-Richardson	Lowville, N. Y.
Pauly & Pauly Cheese Co.	Manitowee, Wis.
Plymouth Cheese Corporation	Plymouth, Wis.
Schmitt Bros. & Walther Co.	Platteville, Wis.
Shefford Cheese Co.	Green Bay, Wis.
Swift & Co.	Chicago, Ill.
The Wheeler Corporation	Green Bay, Wis.
Wilson & Co.	Chicago, Ill.

The total purchases of cheese from these firms from early March through May 5, 1941, totaled approximately 16 million pounds.

The imports of Cheddar cheese into the United States during 1941 as reported by the Bureau of Foreign and Domestic Commerce were as follows:

	Pounds
January	87, 094
February	216, 145
March	2, 104
Total	305, 343

The price of cheese on the Wisconsin Cheese Exchange for the months January to May 1940 and 1941 are shown in the following table. The first purchases of cheese by the Federal Surplus Commodities Corporation in 1941 were made in early March and have continued at irregular intervals through early May. In making the purchases, price differentials were allowed for location. Cheese was offered at different delivery points and differences in freight were allowed in making purchases. Price differential was also allowed for different styles, for difference in quality of the cheese, difference in age, and difference in type of package.

Price of cheese on the Wisconsin Cheese Exchange per pound (Twins or Cheddars) January to May 1940 and 1941.

	1940	1941
	Cents	Cents
January	15.4	15.5
February	15.1	14.7
March	13.5	14.8
April	13.1	16.6
May	13.0	17.25

¹ Quotation for May 2 only.

MR. EVANS. The general policy I just spoke of just now is followed very carefully.

For example, in the purchase of beans we have been requested to provide a very large supply of beans, which also classify as a concentrated food. So out in Michigan and other places where beans are

produced in large quantities we have arranged to buy them from farmers or farm cooperatives insofar as it is possible to do so.

Mr. CRAWFORD. May I ask you a question right there on beans? Are you familiar with the instructions or order that has been sent out encouraging the increased acreage production of the white bean?

Mr. EVANS. Yes; we sent that out.

Mr. CRAWFORD. What did that call for, do you recall?

Mr. EVANS. I think there were about three varieties of beans. If you wish I will send you a copy of it.

Mr. CRAWFORD. I mean the increase in the total acreage. Do you remember that figure?

Mr. EVANS. About 30 to 35 percent.

Mr. CRAWFORD. About 30 to 35 percent?

Mr. EVANS. Yes.

Mr. CRAWFORD. Do you recall anything about a statement made by a Mr. Wilson? This came to me this morning in a letter saying that a representative of the Department of Agriculture had made a statement on May 2, which was published, where he made some comment, a Mr. Wilson, with reference to vitamin values or other values as to certain types of beans. Did you run onto anything like that in the last few days?

Mr. EVANS. No; I think Mr. Wilson has been one of those designated to study that vitamin question.

Mr. CRAWFORD. Is that Mr. M. L. Wilson?

Mr. EVANS. It is.

Mr. CRAWFORD. What is his position?

Mr. EVANS. Director of Extension—if you called him on the phone he would give it to you right off.

Mr. CRAWFORD. I will try and contact him.

Mr. EVANS. Do you want me to send you a copy of this press release on beans?

Mr. CRAWFORD. Yes, sir; I would be glad to have that.

Mr. EVANS. I will be glad to do that.

Mr. CRAWFORD. When the Secretary of Agriculture, Mr. Wickard, spoke at Charlotte, N. C., at 6:30 p. m., May 8, 1941, before the East Central Conference he put this language in his statement:

Today food is a defense weapon, one of the strongest. Without food Britain cannot continue to stand between the United States and the aggressor nations. It is no military secret that shipping losses have made Britain dependent upon the United States and Canada for food as well as for munitions. As a part of our plan to supply Great Britain with food we are going to convert the ever-normal granary into an ever-normal food supply. This conversion is not too easy a task.

Would you care to go so far as to say in support of this bill that this increase of \$1,000,000,000 now asked for is a part of the program to which he refers in that language?

Mr. EVANS. I think I would prefer to leave my statement the way I made it, Mr. Congressman, to this effect: That due to the grave emergency that exists it is necessary that agriculture carry in the ever-normal granary an unusually large supply of agricultural commodities so that they may be readily available for any emergency that arises.

I think every one going about the business of national defense at the present time does so feeling quite secure about the supply of agricultural commodities in the United States. I think it would be

a terrible thing if that security were removed; I mean if there were any question in your mind, not only as a Member of Congress, but as an individual as to the adequacy of our food supply.

We might have a bad year. Drought might be bad or there might be insect infestation, or something else might happen to unduly reduce the supply. Then the demand might back up, be greatly accelerated, and the price level raised higher than it ought to be. In that event I think everyone would be alarmed about the situation. But just as long as we have this agricultural program, and just as long as we have adequate borrowing power so we can keep these surpluses available, that danger does not exist. I mean the American people today can go about their business and they do not have to worry about an actual shortage of these commodities or an exorbitant price.

I would like to add one thing more, if you do not mind. When we set up the ever-normal granary for corn the present Vice President was very anxious that there be an abundant supply of grain. It is an abundant supply. And I think the members of this committee should know it is carefully watched every 30 days, and the supply is not only adequate, but the quality is unusually good. It is the finest collection of these agricultural commodities from a quality standpoint this country has ever had on hand.

Mr. CRAWFORD. May I ask you this question along that line: When Mr. Eccles addressed the Chamber of Commerce of the United States on May 1, among other things he said this, speaking about sources of revenue for the defense program:

The first source of defense revenue should be the corporation tax and the excess-profits tax because, in general, corporations are the greatest beneficiaries, directly and indirectly, from defense expenditures. In other words, the surplus accruing from the expanding national income tends to become concentrated in the first instance in the possession of business corporations.

Then, getting down to the farm question, which is the real part I want to ask you about:

There is one additional matter of importance in connection with defense financing that should be given consideration. It is the subject of public expenditures for present purposes other than defense. I do not believe that agricultural benefit should be curtailed, particularly in those fields where agriculture does not profit as other corporations do from defense expenditures or is adversely affected as a result of the present international situation.

Now, would you care to comment on whether or not you think these loans may go to 75 percent of parity or 85 percent of parity, and whether or not this \$1,000,000,000 additional is materially related to that 75 or 85 percent, whichever way we may grind it out of the mill up here?

Mr. EVANS. In the first place, I think in the matter of national defense there is nothing of greater importance than an adequate supply of agricultural commodities.

Second, we have loans at the present time, and have had for some years, of 75 percent of parity on some commodities.

Mr. CRAWFORD. What were those, do you know?

Mr. EVANS. Corn is one and dairy products is another. That one on dairy products, by the way, probably held up dairy prices during the last several years to a much greater extent than people in the dairy sections have realized. And yet that loan was liquidated without any loss.

The question as to whether the loans will be mandatory at 75 percent of parity or at 85 percent of parity is a matter that the conference committee is struggling with at the present time, and certainly I am in no position to say what the answer will be.

Mr. CRAWFORD. But if they do go to 75 percent mandatorily on all these items involved—

Mr. EVANS (interposing). Yes.

Mr. CRAWFORD (continuing). Or to 85 percent mandatorily on all items involved, then that will contribute to the necessity for the additional \$1,000,000,000.

Mr. EVANS. Yes, sir.

Mr. CRAWFORD. Very materially, would you say?

Mr. EVANS. No; the difference between the loan rate at the present time that is in force and whatever loan rate the conferees decide on is not of sufficient magnitude to be the entire motivating thing there at all.

Mr. CRAWFORD. I do not say it will be entirely, but suppose we put in as an illustration an 85-percent mandatory loan.

Mr. EVANS. Yes, sir.

Mr. CRAWFORD. Will this \$1,000,000,000 cover you say for the next 12 months?

Mr. EVANS. I do not know. Have you figured that out, Mr. Farrington?

Mr. FARRINGTON. Yes; the estimates we have and will later submit are based on a 75-percent loan for the basic commodities.

Mr. CRAWFORD. That is what I wanted to develop.

Mr. FARRINGTON. According to our estimates if the rate were higher we would have to have more.

Mr. CRAWFORD. That is what I wanted to bring out, because we are in a very peculiar situation here, I understand, and I think the chances are just as good for 85 as they are for 75 of parity. Now, would you care to say this: Suppose it comes through at an 85-percent parity loan, what additional rough estimate would you want to put on it in your Department?

Mr. EVANS. I would rather the Commodity Credit Corporation officers here would answer that question.

Mr. CRAWFORD. Mr. Robbins, can you answer that question?

Mr. CARL B. ROBBINS (President, Commodity Credit Corporation). Approximately \$200,000,000 more.

Mr. CRAWFORD. Let me ask you this question: Assuming Congress makes an 85-percent parity program, do you feel, based on all surveys you have made, \$1,200,000,000 additional, counting \$1,000,000,000 with this \$200,000,000 additional would carry you through to June 30, 1942?

Mr. FARRINGTON. Yes, sir.

Mr. CRAWFORD. That is what I wanted to get.

Mr. SACKS. At this point I would like to get the thought of Mr. Evans. In a rising market as we have today with rising prices, and to satisfy my mind I voted for parity before, but I would like to know whether that would be necessary now or not.

Mr. EVANS. I will put it this way, very positively: To take this program away from American agriculture, that is, the triple A program and the loan program, you will have a condition in this country such as you have never seen.

Mr. SACKS. I am not talking about that. I am asking about parity. I would like to get your thought on that. Is it necessary in the rising market today?

Mr. EVANS. Yes; very, very necessary.

Mr. SACKS. Yes; that is what I would like to know.

Mr. EVANS. In fact, if you do not have this program you must sell this wheat crop that is maturing right now for 30, 35, or 40 cents a bushel.

Your corn will go up and down some, but not to the same extent.

Your cotton would be completely demoralized.

Your tobacco farmers would be without a market.

You can just run that scale right down. American agriculture is geared to supply not only the domestic markets, but a certain percentage of the foreign markets. If you remove that foreign market and don't to anything to offset the loss you would have a chaos here that really would be something to think about.

Mr. SACKS. You have not answered the question.

Mr. EVANS. I want to answer it.

Mr. SACKS. There is no dispute that we really need a lending agency and that we also need a program for agriculture to store a defense surplus.

My question is this: Do you think Congress ought to set a 75- or 85-percent parity? That is my question. I am a city man. I would like to know while we have you here.

I think in view of the fact that Mr. Crawford brought out that parity might be set at 75 or 85 percent we might need more money. Before I vote on this program I would like to know whether the setting of a parity figure is necessary. I would like to get that answer.

Mr. BROWN. Let me ask this question: If these commodities go up during this war within 75 percent of parity you won't have to make a loan.

Mr. EVANS. That is right, if loans are below 75 percent of parity.

Mr. BROWN. The question is to stabilize the price. For instance, if you did not have this program as to cotton loans a cotton mill owner could go out and buy cotton at 5 cents.

Mr. EVANS. That is right.

Mr. BROWN. And there is no question in my mind but what the same thing relates to other commodities.

Mr. SACKS. That is not the question I asked. I agree you have got to do something.

Mr. Crawford brought out the fact that the commodity funds won't be sufficient if Congress sets parity payments.

Mr. CRAWFORD. No; loans.

Mr. SACKS. That is the question. I want to know is it necessary for Congress to set those in a rising market?

Mr. EVANS. There is not any rising market in basic commodities. There is a rising market in dairy products and pork.

But getting back to this other question, the Department submitted to Congress some proposals to make a 75 percent parity loan mandatory and sufficient appropriations to bring returns to farmers up to 85 percent. It is up to the members of the committee to determine whether they want to go to the 85 percent level, the way the Department recommended, or some other means.

Mr. SACKS. You say it is absolutely necessary to keep the market stable to have at least 75 percent.

Mr. EVANS. Yes, sir.

Mr. SACKS. Will that increase the price of products to the consumer?

Mr. EVANS. It will increase the price of wheat a little bit to the consumer and cotton a little bit.

It might be interesting for the committee to keep in mind the distinction that if wheat were at parity. It is not going to be near there, the fellow who raised the wheat would have about $1\frac{3}{4}$ cents or less for wheat in this large loaf of bread you buy. In other words, the man who wrapped it up and made the change would probably get more out of it than the fellow who raised it.

Mr. SACKS. Do not get me wrong on that.

Mr. EVANS. No, sir.

Mr. SACKS. I just wanted to get your thought before voting on this thing. If a 75 percent mandatory loan provision is necessary or say at 85, then I do not know, and of course the increase is justified in view of these facts.

Mr. FORD. Mr. Chairman, I would like to make a statement here.

Miss SUMNER. Mr. Chairman, I would like the witness to make a comment right there, which I think is very meaty, because I find Members of the House from cities do not understand the things that apply to some of these products. You have mentioned wheat. Those of us who come from the country know meat just the same as they do wheat. In my little country town a T-bone steak is 25 cents a pound. Of course, they are near the farm. And it is just as much this year as it was last year. I walked downtown and paid \$1.50 last year for one, and I find this year that I have to pay \$1.65 or \$1.75. I wish you would explain that as to the farmers. Of course, as far as the farmers are concerned, costs have gone up due to rising costs in other fields, but I do not think that this matter is understood at all in this Congress.

Mr. EVANS. Would you like to have me submit a rather carefully prepared statement on that for the record?

Miss SUMNER. I wish you would, because that question comes up rather often.

(The statement referred to is as follows:)

COMPARISON OF RETAIL PRICES OF MEATS AND PRICES RECEIVED BY FARMERS FOR LIVESTOCK

Comparison of prices of livestock received by farmers and prices of meats paid by consumers can be made only roughly for several reasons. In the first place, retail price data are meager and, for the most part, are available only for a few cuts of meats. In the case of beef, the Bureau of Labor Statistics publishes retail prices for rib roast, round steak, and chuck roast, and the grade of these cuts is not specified. There is always a wide variation in prices of the several grades of beef and in prices of the several grades of slaughter cattle. Obviously a rib roast or T-bone steak from a choice grade (corn-fed) steer sells for a considerably higher price per pound than a rib roast from a medium grade steer. There is also considerable variation in prices of the various cuts of beef from the same animal. The price of sirloin steak is, of course, higher than the price of chuck roast. Over-all comparisons of changes in livestock prices and changes in retail prices of a representative number of cuts of meats are about the best that can be made with any degree of accuracy.

In mid-April 1941 the index number of retail meat prices for the entire country as reported by the Bureau of Labor Statistics was 12 percent higher than in mid-April 1940. The index number of prices received by farmers for meat animals in mid-April this year was 32 percent higher than in mid-April 1940.

Because costs of processing and distribution per unit do not change much, percentage changes in prices received by farmers for meat animals (hogs, cattle, and lambs) are usually greater than percentage changes in retail prices for meats. On the basis of past experience, the percentage increases in retail and farm prices during the past year appear reasonably well in line.

Changes in meat prices at a single retail store, however, might not correspond closely with the indicated change for the whole country. In periods of rising prices it is possible for individual retailers to sell a lower grade of meat at the same price as they sold a higher grade before the price rise.

It should also be noted that prices paid for meats at restaurants and hotels frequently do not change in the same manner as do retail and wholesale prices of meats. A considerable part of the price charged by restaurants is determined by costs of services rendered. Consequently the price of the same kind of steak might differ greatly among restaurants. Comparisons of changes in retail and wholesale prices of meats and changes in farm prices of livestock can be made only in a rough way, and changes in prices charged by restaurants and changes in prices received by farmers are for the most part not possible with information now available.

The February 1941 issue of the Agricultural Situation (published by the Bureau of Agricultural Economics) contains an article on The Farmer's Share of the Food Dollar. This article considers briefly factors affecting the spread between prices received by farmers and prices paid by consumers.

Mr. HULL. Would you include in that, dairy products and poultry and about 60 percent of the American farm products not included in the program? All farmers should receive the same consideration.

Mr. EVANS. Do you have a feeling that the dairy products have not been taken care of by the loan program?

Mr. HULL. No; I do not think so at all. I want to find out why they are selecting 40 percent of agriculture for your program and barring 60 percent of agriculture.

Mr. EVANS. There is not any part of agriculture barred from this program.

Mr. HULL. You have not had any extensive loans to dairy products.

Mr. EVANS. We have exactly the same for dairy products that you have for any other, except this one thing, that on dairy products we have had 75 percent parity loans for 3 or 4 years, and in addition to that we have taken off any amount of dairy products that did not go back into the channels of trade at that loan rate, and disposed of them to people on relief and people who otherwise would not have it.

I think the dairy people have received from this farm program as great benefit, if not greater benefit, than some of those who produce the basic crops. I feel this very strongly. I am in the dairy business myself, and I just sometimes think dairymen have not given the program the consideration it is entitled to have under conditions as they exist.

Mr. HULL. I do not wish to enter an argument on that at all. I differ with you very widely. But we know there is this difference today: You are proposing to increase the parity loans on corn, cotton, and wheat to 85 percent. At the same time you have issued an order fixing the price of butter at 31 cents. You are leaving the dairy market right there.

Mr. EVANS. I would like to make this statement. The program to convert the feed supply into food supply did not provide maximum prices in any commodity involved. It provided a minimum floor.

Mr. GAMBLE. A floor, did you say?

Mr. EVANS. Yes, sir; a floor, below which they would attempt to keep prices from falling.

In the case of dairy products they set that, I believe, at 31 cents. That is pretty close to 90 percent of parity.

There has been no time since that program went into effect that dairy products have not been well above the 31-cent level.

The same is true of eggs. They are buying eggs, they are buying butter and cheese at those prices right along because they are needed.

Those products have received more out of the defense appropriations and the defense activity than any other commodities in American agriculture production.

Mr. HULL. I differ with you very widely on that.

Furthermore, I will say this, that were you to take the limitation off of dairy products—

Mr. EVANS (interposing). There is no limit on them, Mr. Congressman.

Mr. HULL. In effect it is the same, just as a minimum wage that also is the maximum. You set a price for butter as a minimum and that becomes the maximum.

By the way, you have not set any price on butterfat in whole milk, or on the man who buys that. He continues to pay 25 to 40 percent more than the farmer gets at the creamery. They are buying and paying 50 and 60 cents for butterfat in whole milk and the farmer only gets 35 percent of that. Right in this city today butterfat is 85 cents in whole milk. You do not kick. But when the cheese farmer comes in he gets 75 percent of parity.

Mr. EVANS. I am not a judge of that, and I do not propose to bring that out.

Mr. HULL. I am quoting figures which you furnished.

Mr. EVANS. In the administration of this act I take figures which are furnished. I am sure the Department would be glad to furnish them to you.

Mr. FORD. Mr. Chairman, may I make a comment?

The CHAIRMAN. Yes.

Mr. FORD. I want to ask this question: Is not the objective then, which we are seeking—that here in the United States we intend to become not only the arsenal of democracy, but also the larder of democracy?

Mr. EVANS. Yes, sir.

Mr. FORD. Does not that put it correctly?

Mr. EVANS. Yes, sir; that is a very good statement.

Mr. FORD. And then carrying it a little further, in order to do that successfully we have to put a floor on the price of agricultural products that will enable the farmer to continue functioning?

Mr. EVANS. Yes, sir.

Mr. FORD. And if we let the price go to a point where he cannot function, naturally he will quit producing.

Mr. EVANS. Yes, sir.

Mr. FORD. Therefore, in order to keep a steady flow of agricultural products it is not only vital and necessary to national defense, but to the defense of all democracies, and we have to put a floor to those prices that will enable us to continue to carry on; is not that true?

Mr. EVANS. Yes, sir; that is a better statement than I can make.

The CHAIRMAN. I want to make one suggestion. I come from an agricultural district.

Mr. FORD. And I come from a city.

The CHAIRMAN. But I do know something about the conditions and the necessity of this program. I think I can visualize it as accurately as almost anybody.

I suggest to the members in that connection, if you will read the recent statement, put in the record by Clarence Cannon, who is well informed, a very informative statement on the question of farm prices and what is being done.

Mr. EVANS. Yes, sir.

The CHAIRMAN. We from the agricultural sections of the country must understand that we are interested in the standards of living of the men who toil in the factories in industrial sections, and that in promoting a better standard for them we are increasing markets for our products, and we are helping our own people. Any other view of it seems to me short-sighted and foolish.

But it is certainly equally important, that there should be a balanced program among the farmers of the Nation, so that these questions should never arise. I am not undertaking to pass judgment upon the suggestions made by the gentleman from Wisconsin. I do not know whether his view is justified or not. But there should not be any quarrels among the farmers of this country about this matter and it should be made on a balanced basis where it reaches the whole country.

Mr. WOLCOTT. Mr. Evans, you are asking for an increase in your loaning power of \$1,000,000,000. That is about 75 percent of the expansion program. How do you plan on extending your program to warrant or justify this request for \$1,000,000,000?

Mr. EVANS. You mean a change in the program that exists at the present time?

Mr. WOLCOTT. Yes.

Mr. EVANS. I believe I would go back to my opening statement, that we have a larger supply of food and fiber and other agricultural commodities on hand today than we would have had if the emergency were not here; and we want to be absolutely certain that regardless of drought or any other condition affecting the growing of any product that there will be sufficient on hand to adequately provide for the American people and any of the democracies who may require these commodities.

That means we are going to carry much larger supplies than would ordinarily be the case, not only of particular commodities, but of a greater range of commodities.

Mr. WOLCOTT. Now, you anticipate placing the loans on these basic commodities, cotton, tobacco, wheat, and cotton particularly, as well as corn. You are making loans now of 12½ cents including insurance on cotton. Do you anticipate increasing that?

Mr. EVANS. I will have to wait until the legislation of Congress is on the books before I can do anything about it.

Mr. WOLCOTT. We would like to know what you are going to do before we put the legislation on the books. You must have some program in mind or you would not ask for \$1,000,000,000.

Mr. EVANS. But this question you are asking me is in conference at the present time, Mr. Congressman. I do not know what the conferees will report. We have to take that into account in arriving at a judgment.

Mr. WOLCOTT. Then whether you need this \$1,000,000,000 or not depends upon whether the parity bills pass or not.

Mr. EVANS. That is only a small part of it. That is part of it; yes, sir.

Mr. WOLCOTT. And whether you make higher loans on these basic loans depends upon whether one or the other of those bills becomes law.

Mr. EVANS. Yes, sir.

Mr. WOLCOTT. And this request for additional money is due to the parity bills which passed both the House and the Senate and are in conference now.

Mr. EVANS. Yes, sir.

Mr. WOLCOTT. Can you not give us some estimate as to the increase in the loans on cotton under your new program?

Mr. EVANS. I would like to refer that question, if I may, to the officers of the Commodity Credit Corporation. I was testifying more on the general aspects of the program. I believe you did give them a statement on that?

Mr. FARRINGTON. Yes. We had stated assuming a 75-percent loan on the crops we estimated it would require \$1,000,000,000.

If the loans were 85 percent we indicated we believe it would take an additional \$200,000,000.

Mr. WOLCOTT. Have you a break-down of that for the record?

Mr. FARRINGTON. Yes, sir.

Mr. WOLCOTT. Will you put that in the record?

Mr. FARRINGTON. Yes, sir.

(The statement referred to is as follows:)

UNITED STATES DEPARTMENT OF AGRICULTURE—COMMODITY CREDIT CORPORATION

If loan rates on basic crops are increased to 85 percent of parity, then the estimated net additional amounts required for loans on 1941 crops would be as follows:

Cotton.....	\$60, 000, 000	Rice.....	\$2, 000, 000
Corn.....	50, 000, 000		
Wheat.....	100, 000, 000	Total.....	222, 000, 000
Tobacco.....	10, 000, 000		

Mr. WOLCOTT. Now, you have made loans already on something over 11,000,000 bales of cotton; have you not?

Mr. FARRINGTON. We have all those figures here and we will be glad to supply them to all members of the committee, if you wish.

Mr. WOLCOTT. Is not that about 14,000,000 bales you have made loans on?

Mr. FARRINGTON. Over the period of the life of the Corporation loans have been made upon about 20,000,000 bales of cotton, but at the present time the Corporation has, either owned or under loan, a little less than 10,000,000.

Mr. WOLCOTT. At the present time?

Mr. FARRINGTON. Yes, sir.

Mr. WOLCOTT. You have got loans on a little less than 10,000,000 bales?

Mr. FARRINGTON. We have loans, or else we own a little less than 10,000,000.

Mr. WOLCOTT. That is what I mean. You own it because you made loans on it originally.

Mr. FARRINGTON. Yes, sir.

Mr. WOLCOTT. You are holding it.

Mr. FARRINGTON. Yes; all of it was acquired.

Mr. WOLCOTT. And you say on your Government loans as to cotton you have made loans on a little less than 10,000,000 bales?

Mr. FARRINGTON. We have made loans on a total of 20,000,000 bales, but we have now a little less than 10,000,000. That is, a little over 10,000,000 bales came into the loan and then later they went out.

Mr. WOLCOTT. And you are now holding as Government-owned cotton a little less than 10,000,000 bales?

Mr. FARRINGTON. Yes, sir.

Mr. FORD. How much do you anticipate will go in on the new crop?

Mr. WOLCOTT. That is what I was getting at. You have done that on this present authorized amount of \$1,400,000,000. That is what I am getting at; how you anticipate this program is going to be expanded to warrant our giving you this additional authority of \$1,000,000,000.

Mr. FARRINGTON. I believe it might be well, if the committee desires, for us to pass out a set of tables which contain these figures, and then we will discuss them from the tables—if you prefer to do it that way.

I will say right now in our estimates we have assumed sometime during the year as much as 5,000,000 bales are to be placed under the loan.

Mr. WOLCOTT. But this you have handed to me anticipates loans of \$325,000,000 on 5,000,000 bales of cotton.

Mr. FARRINGTON. Yes, sir.

Mr. WOLCOTT. Can you give us an estimate of the production of cotton for this year?

Mr. EVANS. The production of cotton for this year is a little hard to say.

Mr. FARRINGTON. You cannot state as to that.

Mr. EVANS. No. The law prohibits us from making any such estimate.

Mr. CRAWFORD. You have got much worse climatic conditions, have you not, right now?

Mr. EVANS. I guess I better quit. I am inclined to be too frank.

Mr. WOLCOTT. How are we going to know about it if we do not have any estimates?

Mr. FARRINGTON. Naturally, we have had to make certain assumptions.

Mr. WOLCOTT. I think Congress ought to have that.

Mr. FARRINGTON. We have assumed the production as about an average for recent years.

Mr. WOLCOTT. I do not think it is arbitrary, because the Secretary of Agriculture says the Department of Agriculture cannot give that.

Mr. EVANS. It is the Congress.

Mr. WOLCOTT. Congress does not prevent your giving it the benefit of your judgment.

Mr. FARRINGTON. Naturally, we had to make an assumption, but we do not submit it as an estimate.

Mr. SPENCE. Have you got any estimate of the production of tobacco? I do not see it included.

Mr. FARRINGTON. No. There are so many different types of tobacco involved we did not give a detailed statement on the tobacco.

We could supply that if you wish, but for the purposes of this, in order to get the statement as simplified as possible, we did not include all the different types of tobacco.

The CHAIRMAN. Of course, your estimates are based upon your former experience.

Mr. FARRINGTON. Yes, sir.

The CHAIRMAN. In anticipating how much it will be.

Mr. FARRINGTON. Yes, sir.

Mr. WOLCOTT. Mr. Chairman, if there is no objection, and I think possibly they will be helpful to the committee, I would like to have these three exhibits in the record.

The CHAIRMAN. They may be incorporated in the record.

(The exhibits A, B, and C referred to are inserted in the statement of Dr. Carl B. Robbins, Monday, May 12, 1941, pp. 25, 27, 28.)

The CHAIRMAN. In view of the importance of the program in the House today the committee will now adjourn and meet again on Monday at 10:30 o'clock a. m.

(Whereupon, at 12:10 p. m., the committee was adjourned until Monday, May 12, 1941, at 10:30 o'clock a. m.)

CONTINUANCE OF COMMODITY CREDIT CORPORATION

MONDAY, MAY 12, 1941

THE HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

The committee met, pursuant to call, at 10:30 a. m., in the committee room, Hon. Henry B. Steagall, chairman, presiding.

Present: Representatives Steagall (chairman), Williams, Spence, Ford, Brown, Patman, Sacks, Gore, Mills, Monroney, Hull, Crawford, Gamble, Kean, Miss Sumner, Messrs. Smith, Rolph, and Dewey.

(The committee had under consideration H. R. 4694.)

The CHAIRMAN. The committee will come to order.

We have with us this morning Dr. Robbins, of the Commodity Credit Corporation. I suggest that at the beginning Doctor Robbins state in his own way his views as to the basic reason and necessity for this bill.

Mr. PATMAN. Mr. Chairman, I want to interrogate Mr. Evans this morning.

The CHAIRMAN. He will come back, if you wish.

Mr. PATMAN. Yes. I did not have an opportunity the other day, and I want to ask him a few questions.

The CHAIRMAN. That will be fine. Mr. Weed, we want Mr. Evans to come back as soon as he can.

Mr. PATMAN. Wait just a moment, let me make sure I am right about this. Under Mr. Evans is the Commodity Credit Corporation; is that right?

Mr. ROBBINS. No. Mr. Evans is administrator of the Agricultural Adjustment Administration.

Mr. PATMAN. Then he has nothing to do directly with the Commodity Credit Corporation, except as administrator of the A. A. A.?

Mr. ROBBINS. No. Of course these commodity loans are exceedingly important to the success of the A. A. A. programs; consequently it was desired to call him.

Mr. PATMAN. I will withdraw my request. I can ask Doctor Robbins some questions.

The CHAIRMAN. We can call him back if you wish.

Mr. PATMAN. I thought it was under his jurisdiction directly.

Mr. ROBBINS. No, it is not, Mr. Patman. Mr. Evans appeared because it was thought that perhaps the committee would like to have an opportunity to question the A. A. A. Administrator and learn the relationship and importance of these loans to the A. A. A. program.

Mr. PATMAN. Well, I can ask Dr. Robbins a question. Will Mr. Wickard be available before the hearing is closed?

The CHAIRMAN. I had not thought he would. I had assumed there would be no opposition to this legislation and that we would make

the hearings short. We have Calendar Wednesday day after tomorrow. You see, only recently we had extended hearings here in which we went over the operations of the Commodity Credit Corporation. Those hearings are printed and available, and they are full of information that can be used in connection with this bill.

I was hoping we might make these hearings brief and get this bill in to the House so it could be passed Monday.

Mr. PATMAN. Does Dr. Robbins have a prepared statement, Mr. Chairman?

The CHAIRMAN. Yes, he has a prepared statement.

I did not mean to cut you off, Dr. Robbins. I suggest that you give us your prepared statement.

Mr. PATMAN. And after he finishes, I would like to ask him some questions that I was going to ask Mr. Evans.

The CHAIRMAN. Yes.

STATEMENT OF DR. CARL B. ROBBINS, PRESIDENT OF THE COMMODITY CREDIT CORPORATION

(Mr. Robbins was accompanied by Carl C. Farrington, vice president, and R. E. O'Harra, assistant treasurer, of the Commodity Credit Corporation; also by Mr. Shields and Mr. White.)

Mr. ROBBINS. The provisions of this bill may be summarized as follows:

1. It provides that the Commodity Credit Corporation shall continue to function as an agency of the United States Government until such time as the Congress shall otherwise direct. Under existing legislation the Corporation is authorized to function as an agency of the United States only until June 30, 1941.

2. It increases the borrowing power of the Corporation from \$1,400,000,000 to \$2,400,000,000.

3. It amends the provisions of sections 1 and 2 of Public Law No. 442, Seventy-fifth Congress, approved March 8, 1938 (52 Stat. 107), as amended, so as to limit appropriations to restore capital impairment to realized losses, and to limit payments by the Corporation to the Treasury to realized gains. It is provided, however, that in the event the appraisal of the Corporation's assets indicates a capital impairment of more than \$100,000,000—which is the capital of the Corporation—the payment to the Corporation shall be at least sufficient to reduce the impairment to \$100,000,000.

The Commodity Credit Corporation has been making loans on agricultural commodities since 1933. Loans and purchases made since the Corporation was formed total \$2,153,000,000. Of this amount, approximately \$1,000,000,000 has been loaned on cotton, the number of bales placed under loan being about 20,000,000. Corn loans total about \$530,000,000, on 1,000,000,000 bushels. Wheat loans total \$367,000,000, on 532,000,000 bushels. Loans on, and purchases of, other commodities, which include tobacco, butter, rye, barley, prunes, raisins, figs, peanuts, and naval stores, total \$214,000,000. This is shown on exhibit A, which is as follows:

EXHIBIT A.—*Loan and purchase programs through Apr. 30, 1941, of the Commodity Credit Corporation*

Commodity and program	Quantities pledged or purchased	Face amount of loan or purchase	Commodity and program	Quantities pledged or purchased	Face amount of loan or purchase
Cotton:	<i>Bales</i>		Peanuts—Continued	<i>Tons</i>	
1940 loan	3, 158, 000	\$152, 081, 000	Previous loans	207, 700	12, 302, 000
1939 loan	30, 000	1, 324, 000	Total	250, 500	14, 981, 000
Previous loans	16, 736, 000	887, 939, 000			
Total	19, 924, 000	1, 041, 344, 000	Prunes:		
			1940 loan	88, 500	5, 258, 000
Corn:	<i>Bushels</i>		1937–38 loans	78, 900	2, 754, 000
1940 loan	98, 322, 000	59, 908, 000	Total	167, 400	8, 012, 000
1939 loan	301, 842, 000	171, 821, 000			
Previous loans	595, 913, 000	299, 018, 000	Raisins:		
Total	996, 077, 000	530, 747, 000	1940 loan	109, 000	5, 123, 000
			1937–38 loans	76, 400	3, 933, 000
Wheat:			Total	185, 400	9, 056, 000
1940 loan	278, 230, 000	200, 772, 000			
1939 loan	167, 694, 000	117, 358, 000	Rye:	<i>Bushels</i>	
1938 loan	85, 745, 000	49, 215, 000	1940 loan	4, 236, 000	1, 594, 000
Total	531, 669, 000	367, 345, 000	1939 loan	1, 500, 000	567, 000
			Total	5, 736, 000	2, 161, 000
Tobacco:	<i>Pounds</i>				
1940 programs	235, 612, 000	44, 243, 000	Wool and mohair:	<i>Pounds</i>	
1939 programs	182, 699, 000	34, 943, 000	1939 loan	10, 890, 000	1, 914, 000
Previous programs	75, 382, 000	9, 569, 000	1938 loan	83, 088, 000	14, 916, 000
Total	493, 693, 000	88, 755, 000	Total	93, 978, 000	16, 830, 000
Barley: 1940 loan	<i>Bushels</i>		Turpentine and rosin:		
	7, 384, 000	2, 355, 000	1940 loan	(1)	6, 677, 000
			1939 loan	(1)	8, 816, 000
Butter:	<i>Pounds</i>		Previous loans	(1)	18, 461, 000
1940 loan	66, 000	19, 000	Total		33, 954, 000
1939 loan	12, 836, 000	3, 042, 000			
1938 loan	114, 264, 000	29, 095, 000	Other commodities:		
Total	127, 166, 000	32, 156, 000	1940		3, 059, 000
			Previous		692, 000
Hops: 1938 loan	7, 077, 000	1, 388, 000	Total		3, 751, 000
Peanuts:	<i>Tons</i>		1940 total		482, 951, 000
1940 loan	29, 700	1, 862, 000	1939 total		340, 602, 000
1939 loan	13, 100	817, 000	Previous years		1, 329, 282, 000
			Grand total		2, 152, 835, 000

¹ Collateral pledged for turpentine and rosin loans was as follows: 1940 turpentine, 2,939,000 gallons; 1940 rosin, 550,000 barrels. 1939 turpentine, 6,154,000 gallons; 1939 rosin, 667,000 barrels. Previous loans turpentine, 17,791,000 gallons; previous loans rosin, 1,307,000 barrels. Total turpentine, 26,884,000 gallons; total rosin, 2,524,000 barrels.

Mr. (ROBBINS continuing). As of April 30, 1941, outstanding loans made or made available by the Corporation totaled \$579,000,000 (including \$226,000,000 of loans held by banks) and commodities owned by the Corporation had a book value of \$648,000,000.

Mr. WILLIAMS. What do you mean by "book value"? On what do you base that?

Mr. ROBBINS. That is the loan made plus the accrued carrying charges for storage, insurance, and interest.

Mr. WILLIAMS. That is the amount which the Corporation has outstanding against those products at the present time?

Mr. ROBBINS. That is correct, sir.

Mr. WILLIAMS. It is not the market value?

Mr. ROBBINS. That is correct, sir.

Mr. MILLS. Doctor Robbins, let me ask you a question. Does it necessarily follow that the book value is in each instance higher than the market value, or are there some instances where the market value might be higher even than the book value, at this time?

Mr. ROBBINS. Both situations occur from time to time with the fluctuations in market values.

Mr. WILLIAMS. While we are on that particular point, how does it balance? How does the market value at the present time compare with the book value? In other words, is the market value more than your \$600,000,000 book value?

Mr. ROBBINS. Last year when the assets of the Corporation were appraised as required by law, as of March 31, it was found that their net value was approximately \$44,000,000 in excess of the Corporation's capital. We had a surplus, so to speak, of that amount, and that was paid into the Treasury.

The appraisal as of March 31, 1941, which must be made by the Secretary of the Treasury, under the law, has not yet been completed. We have, however, made a rough preliminary estimate, and it looks as though there would be either a very small appropriation to be made, or a very small dividend or payment of surplus to be made in the Treasury. That is, it is expected that the appraisal will correspond within \$15,000,000 or \$20,000,000, one way or the other, of the net book values.

Mr. WILLIAMS. It is very nearly balanced?

Mr. ROBBINS. Yes, sir.

Mr. MILLS. And that is a mighty good record.

Mr. ROBBINS. We have been pleased with it.

I continue. In the case of cotton, outstanding loans totaled about \$177,000,000, on 3,500,000 bales. Cotton owned by the Corporation totaled about 6,200,000 bales, with a book value of \$361,000,000. Outstanding loans on wheat totaled about \$166,000,000, on 224,000,000 bushels. Wheat owned by the Corporation totaled 29,000,000 bushels, valued at about \$24,000,000. This is shown by exhibit B, which is as follows:

EXHIBIT B.—Statement of loans and commodities owned, Apr. 30, 1941, by the Commodity Credit Corporation

Commodity	Loans outstanding (including loans held by banks)			Commodities owned		
	Quantities pledged	Units	Amount of loan	Quantity	Units	Book value
Cotton:						
1938 loan.....	1,839,560	Bales.....	\$94,571,116.35			
1939 loan.....	16,850	Bales.....	786,642.74			
1940 loan.....	1,682,031	Bales.....	81,489,996.68			
Total.....	3,538,441	Bales.....	176,847,755.77	6,170,662	Bales.....	\$361,221,971.18
Corn:						
1938 and 1939 loan.....	201,248,305	Bushels.....	131,564,399.87			
1940 loan.....	97,861,119	Bushels.....	59,628,229.77			
Total.....	299,109,424	Bushels.....	191,192,629.64	221,845,811	Bushels.....	159,248,439.45

EXHIBIT B.—*Statement of loans and commodities owned, Apr. 30, 1941, by the Commodity Credit Corporation—Continued*

Commodity	Loans outstanding (including loans held by banks)			Commodities owned		
	Quantities pledged	Units	Amount of loan	Quantity	Units	Book value
Wheat:						
1939 loan, farm stored	9,516,385	Bushels	\$6,777,222.37			
1940 loan, farm stored	43,754,059	Bushels	28,599,288.89			
1940 loan, warehouse stored	171,143,699	Bushels	130,427,620.81			
Total	224,414,143	Bushels	165,804,132.07	29,399,985	Bushels	\$23,914,354.25
Tobacco	90,399,255	Pounds	14,121,390.50	291,077,124	Pounds	70,399,521.77
Barley	4,808,978	Bushels	1,535,853.58			
Grain sorghums	60,113	Bushels	17,373.47			
Hops	3,970,157	Pounds	982,880.89			
Peanuts	22,372	Tons	1,339,472.30			
Pecans	3,000	Pounds	20,824.71			
Prunes	87,844	Tons	5,394,814.54			
Raisins	54,907	Tons	1,590,341.51			
Rye	4,648,938	Bushels	1,782,567.35	1,378	Bushels	1,560.64
Turpentine and rosin:						
Turpentine	4,038,865	Gallons	18,734,934.72			
Rosin	1,281,153	Barrels				
Rubber				93,376	Tons	31,771,229.02
Other commodities						1,407,611.29
Grand total			579,464,971.05			647,964,687.60

Mr. ROBBINS (continuing). In addition to the amounts invested in commodities owned and outstanding loans, the unobligated commitments of the Corporation totaled about \$210,000,000 as of April 30, 1941.

On the basis of the Corporation's present authorized borrowing power it is estimated that its lending power as of June 30, 1941, will be approximately \$231,000,000, less any loan or purchase commitments made during May and June. In arriving at this estimate it was of course necessary to take into consideration probable loan liquidations and sales during May and June and also the obligations to be incurred by the Corporation for storage charges and operating expenses. Therefore, this figure is subject to some revision.

Before stating the Corporation's probable requirements with respect to loans and purchases during the coming year, we wish to point out that it is very difficult to predict the volume of commodities that will be placed under loan. Last year, for example, we underestimated the quantity of wheat that would come under the loan, and we overestimated somewhat the quantity of corn that would be placed under loan. Our estimate with respect to cotton proved to be approximately correct. Any figures that we give you at this time, therefore, are subject to a rather wide range of error and it is possible that the requirements will be either larger or smaller than the amount estimated.

Estimates of the Corporation's requirements for the coming year are shown in exhibit C, which is as follows:

EXHIBIT C.—*Estimate of increase in borrowing power required for 1941 programs*

ESTIMATED REQUIREMENTS FOR FISCAL YEAR JULY 1, 1941-JUNE 30, 1942			
1. For loans on basic crops at 75 percent of parity:			
Cotton (5,000,000 bales)	\$325, 000, 000		
Corn (300,000,000 bushels)	190, 000, 000		
Wheat (350,000,000 bushels)	330, 000, 000		
Tobacco	70, 000, 000		
Rice	10, 000, 000		
			\$925, 000, 000
2. For loans on other agricultural commodities and for a contingency reserve			150, 000, 000
3. For loan to the Agricultural Adjustment Administration			50, 000, 000
4. For carrying charges:			
Cotton	\$20, 000, 000		
Corn	20, 000, 000		
Wheat	50, 000, 000		
Other commodities	1, 000, 000		
			91, 000, 000
5. For interest on Corporation notes	8, 000, 000		
6. For administrative expense	3, 000, 000		
7. For custodian expense	4, 000, 000		
			15, 000, 000
Total requirements for 1941-42			1, 231, 000, 000
Resources to be available June 30, 1941			231, 000, 000
Required increase in present borrowing power			1, 000, 000, 000

The estimates for the five basic commodities—cotton, wheat, corn, tobacco, and rice—are based on loan rates equal to 75 percent of parity, the maximum rates authorized for wheat, corn, and cotton, under existing legislation. These estimates total \$925,000,000. If loans are at higher rates, the estimated requirements would of course be greater.

We have allowed \$150,000,000 as a reserve for contingencies and for loans on, and purchases of, other commodities such as dairy products, beans, barley, rye, grain sorghums, peanuts, prunes, raisins, turpentine, and rosin. We have also allowed \$50,000,000 for loans to the Agricultural Adjustment Administration, as authorized and directed under existing legislation, for the purpose of enabling the Agricultural Adjustment Administration to make advances to county associations for administrative expenses and to make advances to growers in the form of phosphate, lime, and other conservation materials.

Storage and other carrying charges for the 1942 fiscal year are estimated at \$91,000,000 and interest, administrative, and operating expenses at \$15,000,000. On the basis of these estimates, our total requirements will be \$1,231,000,000. In order to meet these requirements an increase of \$1,000,000,000 in the Corporation's borrowing power would be required, since, as indicated above, the resources of the Corporation to meet these requirements on the basis of its present borrowing power are only \$231,000,000. In the event loan rates higher than 75 percent of parity are established for the five basic crops, a greater increase in borrowing power will be essential.

Under the provisions of section 1 of Public Law No. 442, Seventy-fifth Congress, approved March 8, 1938 (52 Stat. 107), as amended, the Secretary of the Treasury is required to make an appraisal of

the assets and liabilities of the Commodity Credit Corporation as of the 31st of March of each year, for the purpose of determining the net worth of the Corporation. In making this appraisal, the Secretary of the Treasury is required insofar as possible to value the assets on the basis of market prices at the time of appraisal. In the event the appraisal establishes that the net worth of the Corporation is less than \$100,000,000, the Secretary of the Treasury on behalf of the United States shall restore the amount of such capital impairment by contribution to the Commodity Credit Corporation in the amount of such impairment. The act further authorizes an appropriation of an amount equal to such payment. The act also provides that in the event the appraisal establishes that the net worth of the Commodity Credit Corporation is in excess of \$100,000,000, such excess shall, as soon as practicable after such appraisal, be deposited in the Treasury of the United States by the Commodity Credit Corporation. Pursuant to these provisions an appropriation of approximately \$94,000,000 was made in 1938 and an appropriation of approximately \$120,000,000 was made in 1939, but a payment of approximately \$44,000,000 of surplus was deposited in the Treasury by the Commodity Credit Corporation in 1940. The net amount paid to the Corporation thus far to cover appraised losses, therefore, is approximately \$170,000,000. Realized losses of the Corporation, from the time of its formation in 1933, through April 30, 1941, including losses on commodities sold, administrative expenses, and operating expenses, totaled only \$62,547,804.42.

Under the proposed amendment the Secretary of the Treasury, in addition to appraising the assets and liabilities of the Corporation to determine its net worth, would be required to determine first, receipts in the form of profits from the sale of commodities and income from interest and other sources, and second, charges representing losses from the sale of commodities, expenditures for carrying charges, expenses of operation, and accrued interest and carrying charges payable as of the date of the appraisal. Any amount by which the charges exceeded the receipts would be considered as realized losses of the Corporation and any amount by which receipts exceeded charges would be considered as realized profits of the Corporation.

In years in which the appraisal shows an impairment of the net worth of the Corporation the payment that would be made by the Secretary of the Treasury to the Corporation (and the appropriation that would be required therefor) would be either the capital impairment of the Corporation or the realized losses of the Corporation, whichever is smaller. On the other hand, in years in which the appraisal shows that the net worth of the Corporation is in excess of \$100,000,000, the amount that the Corporation would be required to pay to the Treasury would be either the surplus based on the appraisal or the realized profits, whichever is the smaller. It is believed that with these changes unnecessarily large appropriations in years of low prices as of March 31 and unnecessarily large payments from the Corporation in years of higher prices as of March 31 may be avoided.

The CHAIRMAN. Will you now state to the committee, in a general way, your views as to the necessity for this legislation?

Mr. ROBBINS. Probably, in response to your question, Mr. Chairman, at least three basic needs, in addition to the all-important defense needs, should be mentioned for the proposed increase in the borrowing power of the Corporation. First is the need to further increase the share of the national income going to agriculture. At the present time agriculture has approximately 23 percent of the total population and is rearing approximately 31 percent of the Nation's children, and still agriculture today has only about 11 ¹ percent of the national income.

A second basic need for the increase in borrowing power is that the loss of foreign markets for agricultural products and the increase in foreign demand for industrial products, and also the increase in the domestic demand for industrial products, as consequences of the various foreign wars, have brought a condition of considerable prosperity to industry, but it threatens agriculture with a very serious depression. Our factories are running three shifts, at maximum production rates, for many industrial products, but our foreign markets for many of our basic agricultural products, such as tobacco, cotton, and wheat, have been virtually eliminated for the time being by the naval blockades and the limitations on shipping.

A third basic need for the proposed increase in borrowing power is that unless additional funds are made available to the corporation, it will not be possible to maintain for farmers even the present inadequate share of the national income, because, briefly, no funds would be available after a loan on wheat is made, within the next few weeks, as required by law. The Corporation's lending power will then be exhausted, and hence no funds would be available this fall for loans on tobacco, corn, cotton, and the many lesser crops under which price floors are established by commodity loans.

I believe that summarizes the basic agricultural needs, Mr. Chairman.

Mr. MILLS. Mr. Chairman, may I supplement your question with just one question at this time, before you go on?

The CHAIRMAN. Certainly.

Mr. MILLS. You mentioned the fact that the agricultural population received about 11 percent of the national income. Doctor, I think it would be interesting at this time if you would submit, at that point in the record, the amount of the national income that the farmers received roughly from 1909 on down, including the year 1929.

The point that I have in mind is that the parity which we talk about and that we are trying to get to is still somewhat removed from the 11 percent.

Mr. ROBBINS. We would be pleased to submit for the record a statement of agriculture's percentage share of the national income by years beginning with 1909.

Mr. MILLS. If you will do that, I will appreciate it.

(The statement requested is as follows:)

¹ This percentage includes an allowance for amounts earned by farmers working at nonfarm occupations and therefore is somewhat higher than the percentages shown for recent years in the table entitled "Income payments: Total, nonagricultural and agricultural, United States, 1910-40."

Income payments: Total, nonagricultural and agricultural, United States, 1910-40

Year	Income payments			Ratio, agricultural payments to total, ¹
	Total	Nonagricultural	Agricultural ¹	
	Million dollars	Million dollars	Million dollars	Percent
1910	28,772	23,562	5,210	18.1
1911	29,150	24,342	4,808	16.5
1912	31,101	25,895	5,206	16.7
1913	32,870	27,664	5,206	15.8
1914	32,667	27,470	5,197	15.9
1915	34,009	28,510	5,499	16.2
1916	39,981	33,323	6,658	16.7
1917	48,608	38,627	9,981	20.5
1918	56,748	45,024	11,724	20.7
1919	61,950	48,939	13,011	21.0
1920	66,100	56,691	9,409	14.2
1921	55,344	50,070	5,274	9.5
1922	58,831	52,305	6,526	11.1
1923	67,514	59,844	7,670	11.4
1924	70,298	62,130	8,168	11.6
1925	74,856	66,100	8,756	11.7
1926	77,152	68,953	8,199	10.6
1927	78,073	69,880	8,193	10.5
1928	79,799	71,476	8,323	10.4
1929	82,064	73,817	8,247	10.0
1930	74,524	68,188	6,336	8.5
1931	63,452	59,324	4,128	6.5
1932	49,319	46,518	2,801	5.7
1933	46,830	43,032	3,798	8.1
1934	54,006	48,983	5,023	9.3
1935	58,809	52,914	5,895	10.0
1936	67,846	61,195	6,651	9.8
1937	71,783	64,609	7,174	10.0
1938	66,242	60,166	6,076	9.2
1939	70,696	63,747	6,949	9.1
1940	74,297	67,559	6,738	9.1

¹ Includes Government payments.

Source: Bureau of Agricultural Economics.

The division of income payments as nonagricultural and agricultural, as shown in this table, is that used by the Department of Commerce in the monthly income series published regularly in the Survey of Current Business. As is explained carefully below, this division of income does not result in one which shows or even purports to show just how much income farmers and nonfarmers receive; rather it is an attempt, so far as data permit, to divide total income payments to individuals according to origin (agricultural or nonagricultural) of the income. This division may or may not properly portray shifts in the relative well-being of farmers and nonfarmers but probably is as adequate for this purpose as other similar data, until the revised farm income and expenditure studies of the Bureau of Agricultural Economics are completed.

Nonagricultural income payments include all payments to individuals except those which arise from agricultural activities even though some of such payments are to persons occupied in farming. For example, farmers earn considerable amounts working at nonfarm occupations but since there is at present no measure of these amounts and since they arise from nonagricultural occupations they are included in the nonagricultural income payments. Similarly, income of farmers from nonfarm investments are included in the nonagricultural income payments. Veterans' bonus loans and payments, which amounted to \$907,000,000 in 1931 and \$1,424,000,000 in 1936, are included with the nonagricultural income payments.

Nonagricultural income payments do not include any income of nonfarmers which arises in agriculture. For instance, wages paid to agricultural labor goes in part to nonfarmers, who in busy seasons may work temporarily at farm work, but such wages since they arise from farming are not included with the nonagricultural wage payments. Similarly interest paid on farm mortgages and net farm rental payments, though paid in part to nonfarmers, are not included with the nonagricultural income payments.

A condensed itemized list of the payments included as nonagricultural follows: (1) Salaries and wages, except farm, including work-relief wages; (2) direct and other relief, except payments to farmers under national agricultural programs; (3) social-security benefits and other labor income such as workmen's compensation and pensions, both industrial and governmental; (4) loans and payments to veterans on adjusted-service certificates (important only in 1931 and 1936); (5) total dividends and interest, except interest on farm-mortgage debt. Agricultural dividend payments which are unimportant are included with the non-agricultural income payments; (6) entrepreneurial income, except agricultural, and (7) net rents and royalties, except agricultural.

Agricultural income payments include: (1) The net income of farm operators (Government payments which are included amounted to 131 million dollars in 1933, 447 in 1934, 573 in 1935, 287 in 1936, 367 in 1937, 482 in 1938, 807 in 1939, and 617 million dollars in the first 10 months of 1940); (2) wages of agricultural labor, and (3) interest and net rents on agricultural property. Some of the wages, interest, and rents actually go to nonfarmers but since they arise in agriculture they are included with agricultural income payments and not with the nonagricultural payments.

Agricultural income payments exclude all income arising from nonfarm sources, and investments, such as wages, interest, dividends, pensions, etc., received by persons living on farms. These are included with the nonagricultural income payments since they do not arise in agriculture.

Mr. WILLIAMS. Do you know what agriculture's share of the national income is, per capita?

Mr. ROBBINS. We should also be pleased to supply that data on a per capita basis.

(The statement referred to follows:)

Income payments per capita

	Nonagricultural	Agricultural
1910-14 Average.....	\$412	\$159
1940 ¹	668	221

¹ Based on census of population, Apr. 1, 1940.

Source: Bureau of Agricultural Economics.

Mr. WILLIAMS. Do you know whether it is larger now than it was in 1909-14; a comparable period?

Mr. SMITH. Would it be convenient for you to insert in the record a statement showing precisely how you arrive at your income, the factors involved, and all the things that are taken into consideration? Would that be possible?

Mr. ROBBINS. Yes, sir; we shall include a definition of the income figures.

Mr. WILLIAMS. I assume that that income is measured in terms of cash. It is a cash income, including the cash value of the commodities that are raised and consumed on the farm?

Mr. ROBBINS. That is correct, sir.

Mr. WILLIAMS. Let us say, the business operations?

Mr. ROBBINS. That is correct, sir; the cash income from operations, plus the value of commodities consumed on the farm.

Mr. WILLIAMS. In talking about parity, we all more or less rather glibly talk about it these days, and I believe we all in a general way know what it is, but I would like for you to tell us just how you arrive at it, what elements enter into the formula by which you arrive at parity between the agricultural and nonagricultural products.

Mr. ROBBINS. Briefly, the parity price for an agricultural product today is that price which would give the product the same purchas-

ing power in terms of all other commodities as it possessed on the average during the 5-year period 1909-14.

Mr. WILLIAMS. Yes; I think I understand that as a definition of what parity is, but in what terms is it measured? For instance, the purchasing power—we refer to the purchasing power of a bushel of wheat or a bushel of corn, now, in terms of a suit of clothes. Is it the same suit of clothes that was bought back in 1909?

Mr. ROBBINS. The Bureau of Agricultural Economics in making the parity figures available to the various units of Government for administrative purposes has taken into consideration the changes in the nature of products purchased by farmers today and purchased in that base period of 1909-14.

However, the parity price is still such that if approximately the same products were purchased—that is, the same type of overalls, the same type of shoes—at parity prices the purchasing power of farm commodities would be today what it was in the base period.

Mr. WILLIAMS. You could not measure it in terms of tractors or combines or automobiles, because they did not have them in those days; at least there were practically none. There were no combines and but very few tractors and automobiles.

Mr. ROBBINS. It is true that farmers are using many new things, and it is also true that the statisticians find considerable difficulty in admitting into an index interim changes in the types of commodities involved. That is true of any general price index, for instance, of the index of the general level of wholesale commodity prices, published by the Bureau of Labor Statistics; but allowances are made for those changes, and an attempt in working them out is made not to have the change itself influence the index.

Mr. WILLIAMS. How do the prices of farm commodities, such as corn, wheat, and cotton, compare with what they were during the comparative or base period of 1909-14?

Mr. ROBBINS. An average of the current prices of all farm products compared with the base period of 1909-14 prices will show that it is, as of April 15, 1941, 110 percent. The prices paid by farmers, however, are 29 percent higher now for the commodities that they buy, and the prices that they are receiving for their products are only 10 percent higher.

Mr. WILLIAMS. You mean that the average commodity price for agricultural products is 10 percent higher now than it was during the base period?

Mr. ROBBINS. In terms of dollars unadjusted for the change in their purchasing power; yes, sir.

Mr. WILLIAMS. Do you have in mind the relation that the farm income and the nonfarm income of say 1922 bears to that of the present time?

Mr. ROBBINS. No, sir; we do not have figures available on that basis.

Mr. WILLIAMS. I have the impression from the showing that was made before the so-called monopoly committee that the figures have remained practically the same, except during the extreme depression period, 1931-33, perhaps; and that the ratio of farm income to non-farm income has remained during the last 18 years practically the same, with the exception of the 3 or 4 years which I mentioned.

Mr. ROBBINS. We would be glad to insert in the record a tabulation showing that, if you would like, by years. The ratio at the present

time of prices received by farmers to prices paid is 89. That is, farmers are getting only 89 percent of parity prices and still less as a percent of parity income.

Mr. WILLIAMS. There is always a question in my mind, why this ratio between agriculture and nonagricultural industries should be frozen in a period of 35 years ago. That has never been entirely satisfactorily explained to my mind, although that seems to be the policy.

Mr. ROBBINS. Of course, much could be said about the period that should be taken as a standard for measuring desirable relationships between agriculture and industry. That period of 5 years preceding the first World War was generally accepted, however, as one that more or less reflected an established relationship; and beginning then we had the first World War disturbance of relationships, and then the violent post-war adjustments, and beginning with the twenties, there was a depression of agriculture that proceeded progressively for 10 years; so that 1909-14 is, in a sense, about the latest 5-year period that reflects what might be called a basic normal relationship.

Mr. WILLIAMS. It seems to me there are two sides to it, and that if the price of agricultural products today is 10 percent higher than during the base period, instead of the concerted effort to raise those prices still higher there might be a concerted effort to lower the prices of the others, in the interest of the general economy and of the consuming public.

Mr. ROBBINS. The fact that they are 10 percent higher is a matter of the purchasing power of money. If the purchasing power of money is less, prices are higher; but the farmer's purchasing power, which after all is the important thing, is less now than it was. While it is true that things he is selling are up 10 percent in terms of dollars without allowance for change in their purchasing power, the things which the farmer buys are up 29 percent.

Mr. WILLIAMS. That is exactly what I am talking about—if you can lower the price of things the farmer is buying, his purchasing power would be increased to that extent.

Mr. ROBBINS. That is correct, sir.

Mr. WILLIAMS. And the prices which he receives are actually higher in terms of dollars? Now, if you could lower in terms of dollars the selling price of the materials which he buys, his purchasing power will be increased, and it would be more than it was back in the base period?

Mr. ROBBINS. That is correct, sir.

Mr. WILLIAMS. In the interest of the general welfare of all the people, the consuming public, it strikes me that as a general policy if it could be done, it would be more desirable to lower the costs of the nonagricultural products rather than to raise the price of the agricultural products.

Mr. ROBBINS. That might be true. It is certainly desirable to stabilize the purchasing power of money, which is just another way of saying "stabilize the general price level"; but the fact is that in order to reduce the prices of the things farmers buy, the Congress would have to revise the income of industry perhaps by changing laws pertaining to quotas, tariffs, franchises, patents, and the legal protections given labor, such as collective-bargaining laws and minimum-wage and maximum-hour laws. There is, however, no immedi-

ate prospect of those things being done; and our proposal is really an effort, in view of the fact that industrial incomes and prices are probably not going to be reduced, to bring agriculture up a bit, so that it will be more nearly in line with this old relationship. But even so, this should be pointed out: If farmers should obtain parity prices, they would still receive far less income on the average than the remaining 75 percent of the population.

The CHAIRMAN. I want to ask one question there. If it could be done, and if you brought about this reduction referred to, would not any such reduction automatically effect or accomplish a further reduction in the income of agriculture, because of the decrease in purchasing power?

Mr. WILLIAMS. No; I do not agree to that. Industry itself can do it, there is no question about that.

Mr. ROBBINS. Mr. Chairman, I believe, to answer your question, that if you had a general decrease in the price level of nonagricultural products, and an absence of the present artificial demands created by war conditions, you would impair the demand for agricultural products.

The CHAIRMAN. Absolutely.

Mr. ROBBINS. Not because of the new relationship that would prevail, but because of the fact that we have an economy that is based so largely on a contractual basis.

We have contracts for wages and rents, and contracts for debts, and many other things, and if the general price level declines the established contractual relationships are upset and produce a so-called business depression. The consequence of that is to reduce, of course, the demands for agricultural products, and a downward spiral is started. That is, decreases in the general price level are almost invariably accompanied by generally depressed business conditions.

Mr. WILLIAMS. Let me ask you this. There is no use pursuing that theoretical discussion, I suppose, any further.

It is not very often that I read from a newspaper article, but I noticed in yesterday's Star an article which purported to quote from the Bureau of Economics of the Agriculture Department, in which they very severely criticized the agricultural adjustment program. Now, it struck me as being rather peculiar, coming from the same Department, that we would have this statement. I am going to read this part of it:

The Economics Bureau report said the control programs operated by another Agriculture Department agency, the Agricultural Adjustment Administration, had helped bring about a shift in consumption from American to foreign cotton, by holding prices of the American product above its normal relationship with cotton produced in other countries. These developments, loss of American export markets and increased consumption of foreign cotton, emphasize the fact, says the report, that in the absence of monopoly control of the world's supplies of cotton, restrictions on production in the United States and price maintenance for American cotton, without similar restrictions and controls for other cottons tend to reduce the outlets for American cotton at the expense of the American cotton industry and to the advantage of the cotton producers of other countries, and of producers of other fibers that compete with cotton.

Now, I was a little surprised and somewhat disappointed to find two agencies in the Department of Agriculture so far apart on the fundamental principle involved in this program.

Mr. ROBBINS. I have not seen the newspaper account to which you refer, but could this be the circumstance: That the Bureau of Agri-

cultural Economics, which I believe it is stated prepared the report, is not at cross purposes and has no misunderstanding with the Agricultural Adjustment Administration? Both bureaus, to my knowledge, realize fully that in order to maintain our normal share of the world export market it is necessary to offer American products at fully competitive prices; and that means that if the price in the United States in terms of gold is higher than the price elsewhere, an export subsidy must be paid or some other device found to meet competition.

It is not true, either, that funds have been available to pay as much of export subsidies as would have been paid in the past to hold our export business, or that the higher prices in the United States have been the sole cause of increases in the cotton growths of foreign countries. After all, the production in foreign countries came about in part because of their increased knowledge of cotton production and the fact that they had exchange problems. Very few other products could be exported to maintain their foreign-exchange position, and technical developments resulted in greater production of cotton in certain foreign countries.

But the ultimate answer to the problem of maintaining our place in the world market, I believe both the B. A. E. and the A. A. A. would tell you, is not one of mere price and throat-cutting competition for such meager markets as still exist. The answer is probably an international agreement which would assure to all cotton-exporting countries, first, a fair share of the world market, and, second, reasonable prices in it for all concerned; and the policy of the whole Department of Agriculture, including those two bureaus which are mentioned, has been directed toward that ultimate objective.

Mr. WILLIAMS. Have you any figures showing the cost of cotton production? What does it cost to produce a bale of cotton? What is the average cost?

Mr. BROWN. That would depend upon what section of the country it is.

Mr. WILLIAMS. I am asking him if he has anything to show the average cost. Very naturally, it would depend on the section of the country, and the methods.

Mr. ROBBINS. The average dollar cost for the 10-year period 1928-37, is, for the Coastal Plain area, 10.9 cents per pound; Piedmont area, 10.6 cents per pound; the Gulf coast, Prairie, and Black Prairie, 11.6 cents per pound; for the western hilly areas, 12.3 cents per pound—and so on.

Mr. PATMAN. That is based upon what price for labor?

Mr. ROBBINS. That of course, Mr. Patman, is the fundamental point. Here is the situation: The owner of a large tract of land, hiring labor through a share-cropping or share-tenant arrangement, at the low prices at which that labor is available in the South today, can show an accounting profit in producing cotton; but a man who owns his own farm and does his own work will find that his income from the production of cotton is very meager indeed.

To make an offhand estimate, probably cotton producers do not receive as much as 15 cents per hour for their labor, or less than one-half the minimum wage that is fixed by law for unskilled labor in cotton mills.

Mr. PATMAN. That is high, Doctor—15 cents an hour.

Mr. ROBBINS. It may be.

Mr. PATMAN. Yes.

Mr. WILLIAMS. While we are on that question—you have got the average cost of around 10 or 11 cents, depending upon the grade or kind of cotton?

Mr. ROBBINS. That is the accounting cost at these low rates at which labor is available in the Cotton Belt.

Mr. WILLIAMS. Have you got the figures showing the minimum cost, where the cotton is produced I might say with the most modern and efficient machinery and means and under the most favorable circumstances? What I am trying to get at is the range.

Mr. ROBBINS. The lowest figure of average costs for any area for the 10-year period 1928-37 is 8.7 cents, which of course is for the irrigated areas. That includes the lands in California, Arizona, New Mexico, and western Texas.

Mr. WILLIAMS. Are they producing cotton, on these large plantations, with their tractors and other improved machinery, where they hire the work done, at a less cost to the farmer than in the case of the farmer who produces his own, or the small producer who produces three to five bales of cotton?

Mr. ROBBINS. I do not know how you would compute that man's cost—he is performing his own labor—and how you would evaluate that; but of course the mechanized production of cotton on a large scale greatly reduces the dollar cost and increases efficiency.

Mr. WILLIAMS. Is there a tendency more or less toward that?

Mr. ROBBINS. Yes, sir.

Mr. WILLIAMS. Is it a very marked tendency?

Mr. ROBBINS. Yes, sir.

Mr. WILLIAMS. How do you account for that?

Mr. ROBBINS. Simply because it was profitable to mechanize agricultural production.

Mr. WILLIAMS. Is it not also true that they have received additional benefit payments?

Mr. ROBBINS. That has been part of the profit.

Mr. WILLIAMS. And have they not engaged in that kind of work in order to get all the benefit payments, rather than employing tenants and sharecroppers?

Mr. ROBBINS. That is true, except as you know, the Congress placed a limitation on payments to large operators, not more than \$10,000, for the A. A. A. funds. Congress has also provided for withholding payments from landlords who make unjustifiable changes in their leasing arrangements.

Mr. WILLIAMS. What I have asked about cotton I assume applies to wheat and corn in a general way also?

Mr. ROBBINS. That is correct, sir.

Mr. WILLIAMS. In making these loans, as you have made them in the past, as I understand under the Agricultural Adjustment Act there are certain compulsory provisions.

Mr. ROBBINS. That is true, sir.

Mr. WILLIAMS. Ranging from 52 to 75 percent of the parity price in general; is that true?

Mr. ROBBINS. That is true. Under certain conditions, loans are mandatory at not less than 52 and not more than 75 percent of parity on cotton today.

Mr. WILLIAMS. On cotton, corn, and wheat?

Mr. ROBBINS. That is correct, sir.

Mr. WILLIAMS. That is the general provision of the Agricultural Adjustment Act?

Mr. ROBBINS. That is correct, sir.

Mr. WILLIAMS. Under certain conditions?

Mr. ROBBINS. That is correct, sir.

Mr. WILLIAMS. There are qualifying conditions in it, as I understand you. Now, what has been the rate at which you have loaned—what percentage of parity? At what percentage of parity have these loans been made, or are they being made now, on each one of these articles, cotton, corn, and wheat?

Mr. ROBBINS. At the present time, the loan on corn is 75 percent of parity. That loan rate is automatically determined under the provisions of the act, which include a formula for the loan rate on corn.

The loan rate on wheat at the present time is 56 percent of parity. On cotton, it is also 56 percent of parity.

Mr. WILLIAMS. Let us go back and take this situation: What is the parity price of corn, now?

Mr. ROBBINS. Parity on corn today is 82.8 cents per bushel.

Mr. WILLIAMS. What is it on wheat?

Mr. ROBBINS. \$1.14, even.

Mr. WILLIAMS. And what, on cotton?

Mr. ROBBINS. It is an even 16 cents per pound.

Mr. WILLIAMS. That is cotton? Now, if this parity price loan base is raised to 85 percent instead of 75, how much more will that mean? How much more money will you have to have?

Mr. ROBBINS. At least 200 millions more.

Mr. WILLIAMS. Is it your opinion that that program will raise the price; if so, how much to the consumer?

Mr. ROBBINS. That is, you would like an estimate of how much agricultural income could be increased by making loans—that is, 85 percent of parity loans—at rates that would require at least an additional \$200,000,000? May we place an estimate in the record for that?

Mr. WILLIAMS. Yes; I shall be glad to have that.

(The estimate requested is as follows:)

It is estimated that an increase in loan rates on basic crops from 75 to 85 percent of parity would result in an increase of approximately \$350,000,000 in income from these crops.

Mr. WILLIAMS. Now, take these other products that are not mentioned in the Agricultural Adjustment Act, especially dairy products, about which there has been a great deal of complaint and dissatisfaction; you have made loans on those, have you not?

Mr. ROBBINS. Yes, sir.

Mr. WILLIAMS. What percent? I do not believe that is in your compilation, here.

Mr. ROBBINS. The minimum price announced last month on butter was 31 cents per pound, which is at the rate of approximately 92 percent of parity.

Mr. WILLIAMS. That is your last loan? What has it been through the last few years? It is up as high now as 92 percent of parity?

Mr. ROBBINS. The preceding loan on butter was approximately 75 percent of parity.

Mr. WILLIAMS. How has it run through the years? Has it run 75 percent, or more?

Mr. ROBBINS. Seventy-five percent has been the maximum.

Mr. WILLIAMS. On butter?

Mr. ROBBINS. Yes, sir.

Mr. WILLIAMS. And on any other dairy products? There has been no loan on any other dairy products, except butter?

Mr. ROBBINS. No, sir.

Mr. WILLIAMS. Just on butter?

Mr. ROBBINS. That is correct, sir.

Mr. HULL. How much was loaned in 1940 on butter?

Mr. ROBBINS. How many dollars?

Mr. HULL. How many dollars.

Mr. ROBBINS. Upon announcement of the 1940 loan the price advanced and we got very little in; as a matter of fact, only about 65,000 pounds, and——

Mr. HULL. How much, in money?

Mr. ROBBINS. That is \$20,000.

Mr. WILLIAMS. You say upon the announcement of the loan price the price of butter advanced?

Mr. ROBBINS. Yes, sir.

Mr. WILLIAMS. How much?

Mr. ROBBINS. To just about enough above the loan rate so that it was sold rather than placed under loan.

Mr. WILLIAMS. Do you always make these loan announcements below the market price?

Mr. ROBBINS. No, sir.

Mr. WILLIAMS. Or above?

Mr. ROBBINS. They have been made above. An outstanding case was in the event of the first loan made on cotton. When the A. A. A. cotton program was adopted it was known that with the control of production the supply would be smaller and the price would be higher. A loan was announced considerably above the prevailing price of cotton. The result was that cotton moved into the loan, and then that loan was liquidated, and the farmers made the profit.

If that had not been done, the increase in the price of cotton brought about by the first A. A. A. program for cotton would have gone to the purchasers of the cotton, who would have taken title in the ordinary course of marketing; that is, the cotton merchants and the cotton mills.

Mr. WILLIAMS. That is the policy, though—you place it below the market price?

Mr. ROBBINS. Yes, sir; generally.

Mr. WILLIAMS. As a general thing, do you not?

Mr. ROBBINS. Yes, sir.

Mr. BROWN. In that particular year the loan was above the market price of corn, too, but the corn price advanced, and you did not lose anything?

Mr. ROBBINS. That is correct, sir. It was done generally.

Mr. WILLIAMS. Just one other question I want to ask. How do you get your money to make these loans, just in order to have it in the record? Where do you get your funds? How do you raise them?

Mr. ROBBINS. An announcement is made of a loan program under the terms of which a local bank may advance a loan, on the terms,

conditions, and forms provided, and obtain the guaranty of the Commodity Credit Corporation that, in the event the loan is not repaid, and upon demand by the bank, the Corporation will purchase the note at its face value, plus a minimum guaranteed interest; in the case of grain loans, for instance, of $1\frac{1}{2}$ percent. The $1\frac{1}{2}$ percent is the minimum guaranteed interest rate to the lending bank. Three percent is the amount charged the producer. The difference is the margin out of which the Corporation is expected to recoup its operating expenses.

Some loans are made directly to producers through their own associations, but most of the Corporation's loans are handled through local lending agencies; and, of course, they are almost exclusively banks.

Mr. WILLIAMS. I did not make myself entirely clear as to what I meant. What I wanted is, Where do you get your funds with which to redeem these loans from the banks?

Mr. ROBBINS. Through the sale by the Department of the Treasury of the Corporation's notes.

Mr. PATMAN. The R. F. C.?

Mr. WILLIAMS. No.

Mr. PATMAN. The R. F. C. furnishes the money, does it not?

Mr. ROBBINS. No, sir.

Mr. WILLIAMS. You sell them through the Treasury Department to the public?

Mr. ROBBINS. That is correct, sir.

Mr. WILLIAMS. At what rate of interest have they been selling?

Mr. ROBBINS. For 2-year notes, at between one-half of 1 percent per annum and 1 percent per annum. The last issue was at about three-fourths as I recall it.

Mr. WILLIAMS. You get your money, then, at from one-half to 1 percent interest?

Mr. ROBBINS. That is correct, sir.

Mr. WILLIAMS. And then, on these loans that you make, if you own them, if you have the loan, if you redeem it from the bank, you get 3 percent?

Mr. ROBBINS. That is correct, sir.

Mr. WILLIAMS. And if you have not redeemed it, you get in some cases $1\frac{1}{2}$ percent and in other cases 1 percent?

Mr. ROBBINS. No.

Mr. WILLIAMS. Or 2?

Mr. ROBBINS. When a grain loan is made directly by the Corporation, its gross income for interest is 3 percent, but if it is made by a lending agency the Corporation's income is $1\frac{1}{2}$ percent, the lending agency keeping the other $1\frac{1}{2}$, for interest on its funds, and for the work that the lending agency does in making up the loan papers and other things.

Mr. WILLIAMS. You insure it for $1\frac{1}{2}$ percent?

Mr. ROBBINS. That is correct, sir.

Mr. WILLIAMS. Now, what do you do about the 2 percent on an individual loan?

Mr. ROBBINS. In the case of cotton loans, the banks perform much more work than in the case of grain loans. That is, the banks do much work in executing the loan documents, and so on. In the case of grain loans that work is done by county agricultural conservation

committees and consequently there is a slight difference of one-half of 1 percent in the interest rate, 2 percent being the minimum guaranteed banks on cotton loans, 1½ percent being the minimum guaranteed banks on grains.

Mr. KEAN. Of course those notes are guaranteed fully by the United States Government?

Mr. ROBBINS. That is correct, sir.

Mr. PATMAN. Doctor, I would like to ask you a few questions. This is a proposal to extend what is referred to as an agency of the United States, the Commodity Credit Corporation. I believe you said the time expires June 30, 1941. That is this year.

Mr. ROBBINS. That is correct, sir.

Mr. PATMAN. I think I am in accord with this bill, with the exception of one thing; that is the indeterminate term. If I read this bill correctly, it is extended for all time to come. In other words, Congress would have to repeal the law, or change it?

Mr. ROBBINS. The provision states, I believe, "until the Congress shall otherwise direct."

Mr. PATMAN. In other words, if Congress were to pass a bill by majority vote to liquidate the Corporation, and the then Executive should veto it, it would require a two-thirds vote of Congress to stop this particular corporation? Do you consider this a public agency, Dr. Robbins?

Miss SUMNER. Mr. Patman, will you yield on that? That is the thing that I have been wondering about, when you say "until the Congress." Does that mean that it will go to the President for approval or veto?

Mr. PATMAN. Of course, the language there is rather loose, probably, but I think it would be construed that, unless the Congress passed a law determining otherwise, it will continue.

(There was further discussion off the record.)

Mr. PATMAN. I will pass that up, because I think we understand that.

Mr. ROBBINS. What term? Did you have in mind a definite term, Mr. Patman?

Mr. PATMAN. I was just making sure that that is what you had in mind. In other words, you want this bill passed in such a way that the Corporation will continue until another law is passed liquidating it or changing it?

Mr. ROBBINS. That is correct, sir.

Mr. PATMAN. That is what you have in mind?

Mr. ROBBINS. That is correct, sir.

Mr. PATMAN. There is no difference between us on that. I mean, there is a difference between us of course, in that I do not agree that that should be done; but we understand each other.

Miss SUMNER. In other words, this is a permanent law.

Mr. PATMAN. That makes it a permanent law—just like the Federal Reserve. At first, you know, it had a 20-year term, and 7 years before the time expired they came to Congress and got them to make it a permanent law; and now, to change the Federal Reserve Law, or to liquidate the Federal Reserve banks Congress would have to pass an act; and then, if it were vetoed by the President, two-thirds of each House could change it. That is what would happen here, if it is passed as contemplated.

Mr. ROBBINS. Mr. Patman, I can assure you there is no intent or desire on the part of the Secretary of Agriculture to make it difficult for the Congress to terminate it, but merely to have the life of the Corporation extended——

Mr. PATMAN. For a definite period?

Mr. ROBBINS. For some reasonably long period, so that there would not be a question arise frequently about whether the Corporation would be able to continue to support agricultural prices; if such a doubt should arise, there might be a tendency for farm prices to become depressed. Assurance that the Government will continue the operations of the Corporation, might also tend to give a good market for, and hence a lower interest rate for, its notes.

Mr. PATMAN. Now, in regard to this being a public agency, you agree that this is a public agency, do you not?

Mr. ROBBINS. It certainly is. All its stock is owned by the United States Government.

Mr. PATMAN. Well, the answer is, it is a public agency?

Mr. ROBBINS. It is a public agency.

Mr. PATMAN. Yes; to whom are you responsible, as president of this agency?

Mr. ROBBINS. To the Secretary of Agriculture.

Mr. PATMAN. Are you not responsible to the Congress?

Mr. ROBBINS. We assume that all public servants are responsible to Congress as well as to the Administration.

Mr. PATMAN. Do you not consider that this is an agency of the Government, responsible to Congress? Do you not agree on that, Dr. Robbins? I do not think there should be any question on that.

Mr. ROBBINS. Under the President's reorganization plan which became effective July 1, 1939, the Commodity Credit Corporation was made a part of the Department of Agriculture, and my interpretation has been that that meant that the Corporation was no longer a so-called independent agency but was part of the Department of Agriculture, and therefore responsible to the Secretary of Agriculture.

Mr. PATMAN. You drew this bill, I assume, did you not, or had it drawn?

Mr. ROBBINS. Mr. Shields, here, our legal advisor, aided in drafting the bill.

Mr. PATMAN. You state in the bill it is an agency of the United States?

Mr. ROBBINS. Since you ask again, and you are a lawyer, I would like to ask Mr. Shields whether that term has any particular technical significance.

Mr. SHIELDS. We agree with you, Congressman, this is an agency of the United States, and is now, after the reorganization plan, a part of the Department of Agriculture, just the same as any other bureau, except that it had a different origin. The answer to your question is "Yes," so far as we are concerned.

Mr. PATMAN. Do you agree then it is responsible to Congress?

Mr. SHIELDS. Certainly.

Mr. PATMAN. And is it the duty of this agency to carry out the will of Congress?

Mr. SHIELDS. Certainly.

Mr. PATMAN. I mean that is one of the purposes and duties of any agency of the Government, to carry out the will of the Congress?

Mr. SHIELDS. Certainly.

Mr. PATMAN. You agree to that, do you, Dr. Robbins?

Mr. ROBBINS. Why, certainly. That is the work of the Corporation, to administer the laws enacted by Congress.

Mr. PATMAN. To carry out the will of Congress, if known?

Mr. ROBBINS. Certainly.

Mr. PATMAN. O. K.

Now, you have taken title to cotton, amounting to 6,200,000 bales, have you not?

Mr. ROBBINS. Yes, sir.

Mr. PATMAN. Have you taken title to any corn? If so, to how much?

Mr. ROBBINS. The Corporation now owns 221,000,000 bushels.

Mr. PATMAN. Where is that corn?

Mr. ROBBINS. That corn is stored in terminal elevators, subterminal elevators, country elevators, and steel bins owned by the Government throughout the Corn Belt.

Mr. PATMAN. How long have you had this corn stored—2 or 3 years, some of it?

Mr. ROBBINS. The oldest is 1938 corn.

The CHAIRMAN. Let me ask you a question. Do you not store some of this corn back on the farm, in the barns of the farmers?

Mr. ROBBINS. Yes, sir; loan corn; but Mr. Patman was, I believe, asking about the Government-owned corn.

The CHAIRMAN. But originally you stored loan corn on the farm?

Mr. ROBBINS. That is correct, sir.

Mr. PATMAN. How do you arrive at the storage charges on this corn? You pay storage, do you not?

Mr. ROBBINS. The farmer offers free storage for corn for a certain period. Then, when the Government took title, it paid storage on the corn that was stored in the country, subterminal and terminal elevators, of course—

Mr. PATMAN. How do you arrive at the charges?

Mr. ROBBINS. The Government simply bore the cost of purchasing and erecting steel bins for the corn that was stored in its own properties.

Mr. PATMAN. How much is stored in privately owned elevators or storage warehouses, approximately?

Mr. ROBBINS. Approximately 90,000,000 bushels.

Mr. PATMAN. How much do you pay for storage charges on that corn?

Mr. ROBBINS. Approximately 7 cents per bushel per year.

Mr. PATMAN. How did you arrive at that rate?

Mr. ROBBINS. That was arrived at by a committee that was set up to investigate the costs and conditions, and to negotiate with the elevator operators as to the rate.

Mr. PATMAN. To give them a fair return on their money? The rate would be a fair one to the elevators and the storage companies?

Mr. ROBBINS. Why, of course.

Mr. PATMAN. Did you ask for competitive bids on any of this?

Mr. ROBBINS. No, sir; it was not necessary to ask for competitive bids in order for the Government to have substantial bargaining power and obtain reasonable rates in the case of grains, because the Government was building its own warehousing facilities.

Mr. PATMAN. Grain elevators and warehouses?

Mr. ROBBINS. In the form of steel bins.

Miss SUMNER. Mr. Patman, I think I ought to tell you before you pursue that line of questioning further that they were in different shape down there. They protested. I had elevator men come down to my office and protest that the price they were getting was much too low, and they showed me the figures they got in Illinois, showing the low cost of storage space, but here they were faced with the Government coming in and buying these little steel bins, which, as their representatives have spoken of them, look like garbage cans, and the Government set them up all around the country; so rather than see the Government using its own storage bins the men were glad to get what they could get, whether below cost or not, and, as a consequence, in about every town we had just dozens of these little storage bins owned by the Government, not paying anybody any storage rate. In other words, we are in a worse situation than you are, because we are not getting anything.

Mr. PATMAN. You mean they were using them as a threat to force the storage charges down?

Miss SUMNER. I do not know that they were necessarily using them as a threat. I just simply mean that if a man had any available storage space he would rather give the Government that storage space at below cost than to see everything go to the Government bins.

Mr. PATMAN. That is similar to the cotton, except the warehouses are owned by the State and subsidized by the State instead of by the Government.

The CHAIRMAN. How many of them are there?

Mr. FORD. Are we going over that?

Miss SUMNER. I thought we could save your time.

Mr. PATMAN. It doesn't take many of the Mammoth-Cave size.

Miss SUMNER. I wanted to tell Mr. Patman the reason they are not complaining of recent pressure is because of that.

Mr. PATMAN. Now, let me pursue this, if you do not mind, just a moment. How about wheat? How much Government-owned wheat do you have?

Mr. ROBBINS. As of April 30, there was 29,000,000 bushels.

Mr. PATMAN. Where is that stored?

Mr. ROBBINS. That is stored in elevators.

Mr. PATMAN. Do you not usually have more than that? Is not that a small quantity?

Mr. ROBBINS. No. At the end of last year's wheat operations the Government had only approximately a million and a half bushels of wheat on hand, as I recall.

Mr. PATMAN. I really do not care about that. Do you store that in private elevators?

Mr. ROBBINS. Yes, sir.

Mr. PATMAN. How do you arrive at the storage charges?

Mr. ROBBINS. It is the same as for corn.

Mr. PATMAN. The same way? But you never have asked for competitive bids?

Mr. ROBBINS. No; it has not been necessary.

Mr. PATMAN. In either corn or wheat?

Mr. ROBBINS. It has not been necessary, because the Government—

Mr. PATMAN. Do you own any barley, butter, hops, and peanuts?

Mr. ROBBINS. The Government does not store those items.

Mr. PATMAN. Does it store any other items?

Mr. ROBBINS. There may be a minor exception.

Mr. PATMAN. Let us go back, now. You say the Government does not store any. Do you own any of it that is stored in private warehouses? Does the Government own any barley, butter, hops, and peanuts?

Mr. ROBBINS. No, sir.

Mr. PATMAN. And what about the other items—pecans, prunes, rye, turpentine? Do you own any of those?

Mr. ROBBINS. The Government owns none of those except 1,300 bushels of rye.

Mr. PATMAN. Where do you store that?

Mr. ROBBINS. I suppose that is stored in an elevator; I don't know. It is a small item, I find here, appearing in the accounts.

Mr. PATMAN. Yes; I agree it is a small item, and I will not pursue that further.

Now, you stated awhile ago that farmers probably do not make over 15 cents an hour when they are engaged in the production of cotton. Do you not think your figures are about twice too high, there, Dr. Robbins? How do you arrive at 15 cents an hour?

Mr. ROBBINS. I said, at present prices; and that was merely, I believe I mentioned, an off-hand estimate. It was based on a statement made by the director of the southern division of A. A. A., that parity prices might yield farmers, as I recall, only 18 cents per hour for their labor.

Mr. PATMAN. Is it not agreed that it requires about an hour of labor to produce 1 pound of cotton on an average?

Mr. ROBBINS. I do not know. I have heard a Member of the Congress say that that seems to be about right.

Mr. PATMAN. I enjoyed the questions asked by Mr. Williams about this parity-price question. Now, that is based upon the cheapest kind of labor, is it not—50 cents and a dollar a day? I mean the prices you gave awhile ago.

Mr. ROBBINS. Yes, sir.

Mr. PATMAN. The very cheapest?

Mr. ROBBINS. Unskilled agricultural labor is the lowest priced; yes, sir.

Mr. PATMAN. Fifty cents or a dollar a day—whatever they get—and besides, under this program that you refer to, twice parity, the farmers in this country cannot make a living. They are not allowed to produce. Nobody can make a living.

You take farmers in my country, some of them are cut down to one and two bales, farmers with big families. They cannot possibly make a living. Do you not think that some arrangement should be made whereby the farm family could sell enough cotton, corn, wheat, and other basic products, if they produce them, at a fixed price, to give the farmer a minimum income like, say, \$1,000 a year, or something like that?

Mr. ROBBINS. Of course, the loan does fix the minimum price at which he need sell.

Mr. PATMAN. That is on the commodity?

Mr. ROBBINS. That is true, sir.

Mr. PATMAN. But not a farm family? In other words, the farm family is reduced, although you say the farmer receives a good price, yet he is not allowed to produce enough of it to make a good living? It is just as if we said to a laborer, "We will give you \$5 an hour—and we will let you work a half an hour a week." That is the same theory as the one with which the farmer is faced today.

Mr. ROBBINS. That is true. That is a fundamental cotton problem.

The CHAIRMAN. Let me give you this illustration. About 4 miles out from my little town is a farmer who is getting old. He has farmed all his life. He has three in his family, including two elderly women. He came to see me one morning, about the first or second year of this program, or at any rate, early in the program. With three in the family, they had allotted him 800 pounds of seed cotton, a fraction over a half bale, as his cotton crop, that year; and that was his money crop. That is what he had, to buy clothes, vehicles, farming implements, tools, to repair his house, pay taxes, hospitalize his wife if she got ill, or to bury her when she died. Of course, that is an extreme picture.

Mr. PATMAN. I do not know whether it is extreme, or not.

The CHAIRMAN. That illustrates what Mr. Patman is talking about. It is a defect that I have always seen in the farm program—one that should be considered, it seems to me, more than it has been.

Production should be based more on the family unit than upon acres, or the number of mules, or form of production.

Miss SUMNER. How do you mean, Mr. Chairman? Do you mean to have them just keep a family-sized farm?

The CHAIRMAN. I did not understand your question.

Miss SUMNER. I did not understand what you said, either, as to that. Do you mean they ought to encourage just having family-sized farms?

The CHAIRMAN. What I mean is that the program should at least undertake as far as possible to allow sufficient production to afford at least a decent income to the family.

Mr. GAMBLE. How could that man live, Mr. Chairman?

The CHAIRMAN. He could not live that way long.

Mr. BROWN. Mr. Chairman, let me give an illustration, that fits the whole South. The average farmer, with a wife and four children, will produce about 3 bales of cotton. The tenant farmer has to pay a fourth as rental for his land. He has a little over 2 bales of cotton. At 10 cents a pound that is about \$100, for the family. That is his money crop. It takes all of his cottonseed to pay for the fertilizer. That is typical of the southeast.

Mr. PATMAN. It is slow starvation, that is all it is.

The CHAIRMAN. Cotton is the farmer's money crop. We get away from it in some communities; we raise some hogs. In some sections we have commercial production of peanuts, but cotton is our crop, and how anybody can oppose a parity price for cotton in the face of the wages the man on the farm receives, staggers my understanding.

Mr. WILLIAMS. Let me make this statement in connection with Mr. Brown's illustration: If you raised it to parity price or 16 cents, the farmer would still have only \$160. Has not farm productivity increased about 70 percent during this time?

Mr. ROBBINS. I could not answer that off-hand, Mr. Williams.

MR. PATMAN. If you would let me ask one question, Mr. Williams, I will have finished.

MR. WILLIAMS. All right. I think you will find that is true.

MR. ROBBINS. I would like to ask Mr. E. D. White, assistant director of the corporation's cotton division, who is a cotton grower from Arkansas, to state briefly to the chairman some of the changes that have been made in the A. A. A. program since its inception, to take greater account of these problems of the very small cotton grower.

MR. PATMAN. I know improvements have been made in that direction, but still they cannot make a living, Dr. Robbins; they just cannot do it.

I want to ask one question, and I will be through. You are asking for the passage of this bill, based upon the statement you have made to this committee?

MR. ROBBINS. That it is necessary, in order to increase farm income. To increase the Corporation's borrowing power and to extend the life of the Corporation are necessary in order even to maintain the present meager share of the national income obtained by farmers.

MR. PATMAN. Recognizing the answers to my question relative to this being a public agency, responsible to the Congress?

MR. ROBBINS. Of course. I do not understand why there should be any question about that, sir.

MR. PATMAN. That is all, Mr. Chairman.

MR. FORD. Mr. Robbins, I would like to ask this question: Under the present law, would it be possible not to apply the adjustment program to any farm—let us say a farm on which the crop is cotton—where the production was any less than 5 bales? Would it require an amendment by Congress? If that were possible, would not that to some extent answer that situation?

MR. ROBBINS. I will refer that question to Mr. White, who will answer it, in also answering the chairman's question.

MR. FORD. What would be the increase under such a program, in the production of cotton, in your judgment?

MR. E. D. WHITE. I might say how the allotments are determined now in answer to that, and if it does not answer it fully, you might ask another question on it.

Under the A. A. A. Act of 1938, the method of determining farm-acreage allotments was substantially changed from the methods used therefore under previous A. A. A. Acts, and at present farms on which cotton is planted during certain previous years, used as the base, of not to exceed 5 acres, are not required to make any reduction in acreage.

On the whole cotton farmers as you know are asked to make an adjustment of their acreage in the aggregate from a little bit in excess of 40,000,000 acres down to a little less than 25,000,000, is what they actually plant under their allotments. Now, farmers that plant small acreages of cotton, 5 acres or less, are not asked to make any adjustment at all, and those who have such small acreages on small farms may produce and may plant over that acreage and market up to 2 bales of cotton, 1,000 pounds, without incurring any penalties provided under the A. A. A.

MR. FORD. I do not understand the Chairman's statement, then, that this man was allotted 800 pounds of seed, which would produce a bale and a half.

The CHAIRMAN. No, a half a bale of cotton. I do not understand that the restrictions are now what they were then.

Mr. WHITE. I understood the Chairman to say that was about the first year of the program.

The CHAIRMAN. I think it was, in the beginning.

Mr. WHITE. In the beginning each farmer was asked to make an adjustment from his normal or his usual acreage, irrespective of how small or how large it might be, generally speaking, so the little farmer and the large farmer made their adjustments together. That was changed under the A. A. Act of 1938, as I have just explained. Not only were the small farmers given that consideration, but in the manner of making payments to farmers, those who received less than \$200 per person—I mean per payee—received an upward adjustment of their payment, beginning with \$20 and less, of 40 percent upward adjustment, I believe, and scaling down percentagewise as you approached \$200 payment, so there has been an increase in payments as well as being not required to make an acreage adjustment.

Mr. FORD. Mr. Chairman, might I just make one brief statement in addition to that? I think it is generally agreed that agriculture as a whole is an inefficient industry—it could not be other than inefficient. The big farmers are probably efficient, the middle-sized farms are probably fairly so. The small farms necessarily could not be, because they lack the machinery, they lack the ability to hire help. The owner may hire a man. But he cannot make anything on one man's wages. All he is trying to do is to make something for himself.

Let's admit that agriculture is an inefficient industry. It has always been; but we have not had that before us as a critical problem until recently except, in literature, for the past 20 years. It is of such nature that we cannot afford to permit it to seriously impair our whole economy without attempting to make adjustments that will at least mitigate the situation.

All right; since we are in a very critical period, national defense is our main objective at the present moment. Any attempt at this time, I think, to make too radical adjustments would wreck the whole program. Now, some people are objecting to the fact that the A. A. has been imposed on the farmer, that he has to operate under a regimenting system; although when two-thirds have to vote for it, I cannot see where any regimentation comes in, except as to the one third who do not want to go in—the rugged individualists. But since that is the situation—since the outline that Mr. Robbins has given us shows clearly that that Corporation at least is attempting to put itself in a position to support, to the best extent possible, the present status quo of the farmer and enable him at least to carry on, why, it seems to me that this bill is something that is absolutely necessary. As I said a couple of days ago, we have announced to the world that we are going to be the “arsenal of democracy”—if we get this bill through and it operates even approximately as it is intended to, then it would be a step toward making us the “larder of democracy.” Is not that correct?

Mr. ROBBINS. I think that is an excellent summation of the situation, Mr. Ford.

Mr. SPENCE. Mr. Robbins, I want to ask about your legal status. You say you are an agency of Congress. Are you not an independent agency in the Executive Department of the Government?

Mr. ROBBINS. The Commodity Credit Corporation, prior the issuance of the President's reorganization order, which became effective July 1, 1939, was a so-called independent agency.

Mr. SPENCE. This Government is divided into three separate coordinate branches, the legislative, executive, and judicial, and the Commodity Credit Corporation is in the executive department of the Government. You are responsible to the Secretary of Agriculture, are you not?

Mr. ROBBINS. That is correct, sir.

Mr. SPENCE. You are not in the legislative department?

Mr. ROBBINS. That is correct, sir.

Mr. SPENCE. Therefore, you are not, technically, an agency of Congress; you are an agency of the executive branch of this Government. That is your legal status, is it not?

Mr. ROBBINS. Yes, sir.

Mr. SPENCE. Yes; everything is under the control of Congress; but you are not in the legislative branch of this Government.

Mr. ROBBINS. No, sir.

Mr. SPENCE. And you are not an agency of Congress. You are an agency of the United States, but you are in a separate coordinate branch. You are in the executive branch, is that not so?

Mr. ROBBINS. Yes, sir; but of course the entire work of the Corporation consists of carrying out the will of Congress as set forth in the law.

Mr. SPENCE. The Congress can destroy you, but that does not change your department.

Mr. PATMAN. But Congress is the policy-determining branch of this Government. Nobody disputes that that I have heard of.

Mr. SPENCE. But the Constitution of the United States puts us into three separate branches, and we should maintain them, I think.

Mr. FORD. What, in the name of common sense, has that got to do with this bill?

Mr. SPENCE. It has nothing to do with this bill, but it has something to do with another bill we have recently considered.

The CHAIRMAN. Let me ask Dr. Robbins something. I was hoping we might finish this bill today. I assume there is really no opposition to the bill. Could we not conclude the hearings on this bill this afternoon?

Mr. CRAWFORD. Mr. Chairman, I assume there will be developed some opposition to section 2 of this bill. I have got some penetrating questions I want to ask about this.

The CHAIRMAN. Suppose we come back at 3 o'clock, and try to finish.

Mr. GAMBLE. Mr. Chairman, may I ask the Doctor if he would have his counsel, on section 2, at least, if not on all the bill, give us a mimeographed or typed copy of what this does with the present matter deleted, that is blocked out, and the new matter underlined, so we can tell, just as you will have to do in the report, anyway? It is very helpful to have that.

Mr. ROBBINS. We should be pleased to make that available to the members.

The CHAIRMAN. That is where you give a formula for these periodic or annual premiums. I suggest the drafting committee put that in, in

general language. If you do that it will shorten this thing and get rid of what he is talking about.

Mr. DEWEY. Before we recess, going back to this 11 percent of the national income, we hear so much about that, I would like to have added to that what percentage of the national income goes to other economic groups. If you are going to put in one, could you not put in the others?

Mr. PATMAN. That is a good suggestion—the number of people, too.

Mr. ROBBINS. We would be glad to include the percentages of the national income received by such other groups.

Mr. DEWEY. That is what I mean—economic groups, such as labor.

Mr. ROBBINS. We will be glad to include such as are available at the present time.

Mr. PATMAN. Give the number, just as they do in the Department. (The information requested is as follows:)

National income by industrial divisions: 1929-39

Industrial Division	1929		1930		1931		1932		1933		1934		1935		1936		1937		1938		1939	
	Mil- lions of dollars	Per- cent	Mil- lions of dollars	Per- cent	Mil- lions of dollars	Per- cent	Mil- lions of dollars	Per- cent	Mil- lions of dollars	Per- cent	Mil- lions of dollars	Per- cent	Mil- lions of dollars	Per- cent	Mil- lions of dollars	Per- cent	Mil- lions of dollars	Per- cent	Mil- lions of dollars	Per- cent	Mil- lions of dollars	Per- cent
Total national income	\$2,885	100.0	\$8,901	100.0	\$4,310	100.0	\$4,071	100.0	\$2,430	100.0	\$5,347	100.0	\$5,860	100.0	\$4,936	100.0	\$71,028	100.0	\$53,547	100.0	\$93,393	100.0
Agriculture ¹	7,258	8.8	5,622	8.2	3,729	6.9	2,551	6.4	3,419	8.1	4,533	9.0	5,276	9.5	5,970	9.2	6,378	9.0	5,432	8.5	5,635	8.1
Mining	1,853	2.3	1,327	1.9	748	1.4	523	1.3	590	1.4	992	2.0	1,028	1.8	1,299	2.0	1,530	2.2	1,052	1.7	1,210	1.8
Manufacturing	26,308	24.5	14,987	21.8	10,191	18.8	6,069	15.0	8,162	19.2	10,511	20.9	12,402	22.2	14,978	23.1	16,994	23.9	12,339	19.4	15,425	22.2
Contract construction	3,670	4.1	2,739	1.0	1,862	3.4	966	2.3	3,581	8.5	3,734	7.6	4,964	1.7	1,570	2.4	1,902	2.7	1,749	2.8	2,148	3.1
Transportation	7,108	8.6	6,155	8.9	4,946	9.1	3,622	9.0	3,587	8.5	3,817	7.6	4,133	7.4	4,765	7.4	5,088	7.2	4,261	6.7	4,800	6.9
Electric power and gas	1,425	1.7	1,324	1.9	1,210	2.3	1,096	2.7	1,026	2.4	1,127	2.2	1,152	2.1	1,233	1.9	1,380	1.9	1,365	2.1	1,384	2.0
Communication	1,647	1.3	1,011	1.5	967	1.7	722	1.8	640	1.5	678	1.4	723	1.3	770	1.2	839	1.2	808	1.3	863	1.2
Trade	11,314	13.6	9,245	13.4	7,415	13.6	5,290	13.2	6,031	14.2	6,971	13.8	7,608	13.6	8,516	13.1	9,131	12.9	8,593	13.5	9,135	13.2
Finance	8,915	10.8	7,836	11.4	6,411	11.8	4,895	12.2	4,318	10.2	4,630	9.2	5,131	9.2	5,749	8.8	6,189	8.7	5,837	9.2	5,983	8.6
Government—Federal	6,330	7.6	6,438	9.3	6,459	11.9	6,355	15.9	5,917	13.9	6,202	12.3	6,584	11.8	7,063	10.9	7,370	10.4	7,701	12.1	8,042	11.6
Work relief					39	.1	132	.3	646	1.5	1,430	2.8	1,329	2.4	2,134	3.3	1,639	2.3	2,102	3.3	1,879	2.7
Service industries	9,615	11.6	8,725	12.7	7,343	13.5	5,579	13.9	5,321	12.5	6,181	12.3	6,828	12.2	7,643	11.8	8,477	11.9	8,067	12.7	8,374	12.1
Miscellaneous	4,012	4.8	3,172	5.0	2,967	5.5	2,393	6.0	2,192	5.2	2,518	5.0	2,695	4.8	2,897	4.5	3,161	4.4	3,102	4.9	3,319	4.8
Social Security contribution of employers (rest allocated by industries)											3	0	7	0	299	.4	950	1.3	1,119	1.8	1,196	1.7

¹ Income produced by agriculture differs from income payments in agriculture in that the latter series includes the net return on the rental of farm property.

Source: U. S. Department of Commerce.

Average compensation (salary wage) of employees (full-time equivalent), by selected industrial groups, 1929-39

Industrial division	Amount										
	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939
Mining.....	\$1,492	\$1,397	\$1,186	\$992	\$976	\$1,083	\$1,124	\$1,199	\$1,270	\$1,189	\$1,266
Manufacturing.....	1,541	1,496	1,373	1,138	1,065	1,143	1,207	1,263	1,356	1,301	1,363
Transportation.....	1,668	1,635	1,568	1,370	1,309	1,371	1,476	1,549	1,613	1,613	1,646
Power and gas.....	1,604	1,569	1,525	1,429	1,368	1,449	1,547	1,592	1,696	1,753	1,766
Communication.....	1,357	1,403	1,428	1,328	1,225	1,305	1,367	1,415	1,485	1,548	1,588
Trade.....	1,570	1,552	1,483	1,307	1,183	1,246	1,303	1,333	1,399	1,414	1,432
Finance ¹	1,819	1,181	1,754	1,655	1,596	1,636	1,638	1,708	1,759	1,718	1,724
Government ²	1,520	1,510	1,498	1,469	1,345	1,349	1,402	1,437	1,452	1,501	1,505
Service.....	1,104	1,067	998	886	818	837	865	898	953	952	965
Miscellaneous.....	1,462	1,434	1,318	1,131	1,054	1,110	1,164	1,214	1,289	1,250	1,307
Memorandum: Bureau of Labor Statistics' cost of living index.....	100.0	97.4	88.7	79.6	75.4	78.1	80.0	80.8	83.8	82.2	81.1

¹ Does not include certain miscellaneous financial institutions which have been included in "Miscellaneous."

² Does not include work-relief employees.

Source: U. S. Department of Commerce.

The CHAIRMAN. Since this is an administrative policy to which this administration is committed and to which it evidently will be committed at least throughout its tenure, why do we not make this law effective to some definite date, rather than using the language here?

Mr. ROBBINS. Mr. Patman suggested 5 years?

The CHAIRMAN. Think about that—something of that kind. We will be in recess until 3 o'clock.

(Whereupon, at 12:20 p. m., the committee recessed until 3 p. m. of the same day.)

AFTERNOON SESSION

(The hearing reconvened at 3 p. m.)

The CHAIRMAN. The committee will come to order.

Mr. Robbins is still with us, and Mr. Smith will inquire.

STATEMENT OF CARL B. ROBBINS, PRESIDENT, COMMODITY CREDIT CORPORATION—Continued

Mr. SMITH. I am wondering from your statement, why this should be made permanent law.

Mr. ROBBINS. I believe it is true that farmers generally would feel that since this provision for loans is a fundamental part of the farm program, to protect their income, that the legislation should be of more or less enduring form in order that agriculture may be placed approximately in the same situation as industry and labor, whose beneficial legislation is usually for an indefinite period.

That is, the tariffs are enacted until otherwise changed; and import quotas, franchises, trade-marks and copyrights, patents, and corporate combinations are usually for a long number of years; and so it is with the beneficial legislation extended by the Congress to labor.

Nevertheless, if there were some reason for limiting the life of the corporation, rather than leaving it indefinite, I see no great reason

why that should not be done, so long as the term was reasonably adequate for farmers to feel that they had a reasonable period of protection. You will understand readily that if the life of the corporation were extended only for 1 or 2 or 3 years, say, the short approaching of that expiration date might tend to threaten the market for farm commodities. The buyers might fear that in the event of certain conditions, to cause an inability to extend the life of the corporation, there would be suddenly marketed large amounts of agricultural products.

Moreover, it is desirable from the standpoint of farmers to have a reasonable expectation in advance of any present time, in order that they may plan their whole agricultural program for at least a year or two in advance.

Probably, however, there would not be any great objection from farmers if the life of the corporation were extended, say, for a period of 5 years, if you prefer to avoid an indefinite extension.

Mr. SMITH. Why 5 years? Why not 2 years? I happen to operate a farm myself, and I do not see that there is anything inherent in the operation of a farm that needs to be planned here in Washington.

Mr. ROBBINS. That has been changed. Actually a great deal of planning is now done on the farm programs in the field. The Bureau of Agricultural Economics has established local planning committees throughout the country, and you can see that if the life of the corporation is threatened from year to year, the buyers of farm products might not feel the confidence in prices being sustained that they would feel if, we will say, the corporate life were assured for 3 or 4 years, or more.

Mr. SMITH. What have been the periods of extension heretofore?

Mr. ROBBINS. I think the last period was for only 2 years, but that came about as a consequence of the extension of life of the Commodity Credit Corporation having been included with the extension of life, as I recall, of some of the Reconstruction Finance Corporation enterprises, and they were all treated alike. I am not sure but I think that is correct.

Mr. SMITH. Did you have any trouble with the 2-year extension? Did any farmers complain that they were afraid the Commodity Credit Corporation agency might be discontinued?

Mr. ROBBINS. Yes, sir; some farmers feel uncomfortable when we approach a situation such as we now face, where unless action is taken the corporation's life as an agency of the Government will be discontinued in approximately 50 days; and it is difficult if not impossible for anyone to explain to farmers why they must be kept on just 2-year basis when, as I have pointed out, industry and labor receive their beneficial legislation from the Congress for much longer periods.

Mr. SMITH. Is it your idea, Mr. Robbins, that this is to become a permanent program?

Mr. ROBBINS. I think that it is certain that agriculture should have some form of continuing protection against emergencies, such as we have at the present time, which otherwise cause ruinously low prices, and chaotic conditions in agriculture.

So far as increasing loan stocks are concerned, the answer to your question would be "No." It is hoped that they will be liquidated, as they were being liquidated very rapidly, in the case of cotton, for instance, the largest product under loan, until this unfortunate second

World War appeared. The cotton surplus was being reduced at the rate of 2,000,000 bales per year; it was being rapidly worked off when the current European war began.

We hope that such reductions will occur again, so it is difficult to answer your question briefly and categorically. Yes; we believe that credit facilities should be continued indefinitely for farmers to meet such emergencies as may arise. So far as increasing loan stocks are concerned, we believe that they will be decreased when this emergency is over.

Mr. SMITH. Your idea is then that this is a permanent program, a fixed agency of the Government?

Mr. ROBBINS. Yes, sir.

Mr. SMITH. Now, on page 2, I wonder if you would insert in the record a statement giving or showing just what is included under the terms "receipts," "profits," "income from interest," and "charges." Can you give us an itemized statement showing what is included under charges, losses, expenses of carrying charges, and so on? In other words, all of the items coming under receipts, and all of the items that come under charges or expenses.

Mr. ROBBINS. They would include, in the first category, all of the items of income; and, in the second, all of the items of expense incurred by the Corporation, of whatever nature?

Mr. SMITH. Yes. I would like to have a statement showing just what those items are. What building are you located in now?

Mr. ROBBINS. The head administrative office is in the South Building, Department of Agriculture.

Mr. SMITH. Do you include as a part of your expense the rent in the building, or the capital cost of the building that you occupy—are these items included in expenses?

Mr. ROBBINS. The Corporation owns no buildings; it does rent some office space.

Mr. SMITH. Could you include in that item the rent?

Mr. ROBBINS. Rent would be one of the expenses; yes, sir.

Mr. SMITH. All I wanted was a statement showing all of the items.

Mr. ROBBINS. Suppose we insert a statement of what the actual income items and actual expense items have been in the past.

Mr. SMITH. That is right.

Mr. ROBBINS. We shall be pleased to do that.

(The statement requested is as follows:)

Carrying charges, receipts and losses May 1, 1940, through Apr. 30, 1941

Advances made on commodities while in loan status.....	\$28, 997, 049. 60	
Advances for care and preservation of collateral acquired.....	36, 433, 808. 84	
Interest expense.....	4, 968, 086. 91	
Operating expense (includes custodian, loan agency, administrative, and cotton-rubber barter expense).....	¹ 3, 458, 673. 86	
Loss on liquidation.....	8, 997, 563. 31	
Depreciation of furniture and fixtures.....	24, 802. 22	
Total charges.....		\$82, 879, 986. 74
Less:		
Interest income on commodity loans.....	\$4, 800, 456. 09	
Miscellaneous income.....	1, 956, 827. 87	
Total receipts.....		6, 757, 283. 96
Net excess of charges over receipts—May 1, 1940, through Apr. 30, 1941.....		76, 122, 702. 78

¹ The footnote is as follows:

Analysis of operating expenses classified by objects May 1, 1940, to Apr. 30, 1941

Salaries.....	\$530, 457. 03	
Supplies and materials *.....	24, 889. 79	
Communications *.....	7, 000. 26	
Printing *.....	66, 613. 19	
Rent *.....	13, 574. 31	
Travel.....	29, 695. 69	
Equipment.....	69, 256. 56	
Miscellaneous *.....	53, 922. 45	
Total, Commodity Credit Corporation expenses.....		\$795, 409. 28
Reimbursement to Reconstruction Finance Corporation.....		911, 911. 54
Reimbursement to Federal Reserve Board.....		1, 426, 323. 18
Transfers to other cooperating agencies.....		149, 609. 00
Cotton-rubber barter expense.....		175, 420. 86
Total operating expense May 1, 1940, through Apr. 30, 1941.....		3, 458, 673. 86

* Not separately classified prior to June 30, 1940. April and May 1940, charges for these objects included in "Miscellaneous."

Mr. SMITH. Now, on page 3 of this automatic appropriation that we are asked to provide for here, will you turn to that?

The CHAIRMAN. That is on page 4.

Mr. SMITH. No; I refer to page 3. That is beginning on line 3, to provide as follows:

To enable the Secretary of the Treasury to make such contribution to the Commodity Credit Corporation there is hereby authorized to be appropriated annually, commencing with the fiscal year 1942, out of any money in the Treasury not otherwise appropriated, an amount equal to the contribution required to be made by the Secretary of the Treasury as provided herein.

I view this sort of a procedure as opening an opportunity for laxity in business administration. In other words, I am wondering why it is necessary to make this automatic. Congress, it seems to me, should have a more definite control of these appropriations.

Mr. ROBBINS. There is no disagreement there. That is understood, and that is the way this operates. This is not an automatic appropriation. This is merely an authority to appropriate, and in the event that a loss were incurred, and had to be made up, the appropriation would be authorized, that is true; but it would have to appear

as an item in the appropriation bill, to be passed on the same as any other appropriation item.

Mr. SMITH. I realize that.

Mr. ROBBINS. The Congress could withhold the appropriation at any time.

Mr. FORD. It is an automatic authorization, but not an automatic appropriation.

Mr. ROBBINS. That is right; it is the usual form of bill.

Mr. SMITH. They could withhold it, but I think it ought to be written in such a way that Congress does not have to withhold it, but the Congress would simply have the authority to appropriate it in the ordinary manner.

Mr. ROBBINS. Well, the difficulty, if I heard you correctly, would be a mechanical one of obtaining an authorization for an appropriation each year, and then going back and obtaining the appropriation. Usually the bills that require annual appropriations do authorize them in the bill itself, and then a bill is presented which actually makes the appropriation.

Many of the farm appropriations authorized by the Congress are never fully appropriated.

Mr. SMITH. I understand that. This provision, however, says, in effect, whatever your losses may be, Congress will make them up, Congress will appropriate. Do you think that is good business?

Mr. ROBBINS. Yes, sir; I do in this instance, because the Corporation must obtain funds by issuing its notes to the public to be bought, and the investors in those notes have additional assurance against any possible delay if they see that an appropriation is anticipated.

Mr. SMITH. In other words, this is really something like the provision in the United States Housing Authority Act, which probably enters into your contract in the sale of your securities. That is really what this is primarily for?

Mr. ROBBINS. Yes, sir. It operates as a minor factor that assures the purchasers of our notes that the Congress intends to make good promptly on at least the obligations that we have incurred with their direct authority and direction.

Mr. SMITH. In the disposing of these securities, do you mention to your purchasers this clause in the act?

Mr. ROBBINS. No; of course, the purchasers of the Corporation's notes are well acquainted with their legal status.

Mr. SMITH. Are they not general obligations, the same as other bonds? Is there anything that pertains to these bonds in the way of security that does not pertain to all bonds, all obligations?

Mr. ROBBINS. That is correct. The only assurance that this adds as a factor from the standpoint of an investment, is to indicate that there will not be a difficulty incurred in a possible waiting period, in obtaining an authority for an appropriation as well as an appropriation.

Mr. SMITH. Suppose I should buy a bond, one of your bonds, say \$10,000, and you did not get any appropriation. Is there any danger of any loss there?

Mr. ROBBINS. You would eventually get your money, but, as a buyer, suppose that you looked into the legal background of the issue, and found that in the event of loss by the Corporation, and its inability otherwise to pay your note, that the Congress had already anticipated that that money would be appropriated to do it. That

would give you some minor degree of assurance of prompt receipt. It is of little significance, however. You have assurance of ultimate payment anyhow, from the basic nature of the notes.

Mr. SMITH. Just one question more and then I will be through. You ask for an increase here in your lending authority of \$1,000,000,000. I imagine that you have asked for increases heretofore. Could you state what those have been, if there have been any that you have requested?

Mr. ROBBINS. Yes, sir; last year the borrowing power of the Corporation was increased from \$900,000,000 to \$1,400,000,000.

Mr. SMITH. I did not get that.

Mr. ROBBINS. Last year the Congress increased the borrowing power of the Corporation from \$900,000,000 to \$1,400,000,000.

Mr. SMITH. That was the only one last year?

Mr. ROBBINS. Yes, sir. There was an earlier increase.

Mr. SMITH. What was the first one?

Mr. ROBBINS. The first increase of the borrowing power of the Corporation, about 2 years ago and before it became a part of the Department of Agriculture, was from \$500,000,000 to \$900,000,000.

Mr. SMITH. Would you mind inserting in the record a statement showing the increases that have been made.

Mr. ROBBINS. We shall be pleased to do so; yes, sir.

(The statement referred to is inserted in the testimony of Dr. Carl B. Robbins, Monday, June 2, 1941, page 25 et seq.)

Mr. SMITH. When a bank advances a loan to a farm secured by some crop, does the Commodity Credit Corporation guarantee the credit made by the bank?

Mr. ROBBINS. Yes, sir. That is the Commodity Credit Corporation guarantees, upon demand by a bank, which advances a loan to a farmer under the terms and conditions specified by the Corporation, to purchase that note for its par value, plus a stated minimum rate of interest to the bank, which is 2 percent in case of cotton loans, and 1.5 percent in the case of other loans.

Mr. DREWRY. It is really a 100-percent guaranty of any advances made by private banking organizations, to farmers as long as they comply with your regulations.

Mr. ROBBINS. That is correct, sir.

Mr. SPENCE. How much of our export trade on agricultural commodities have we lost by reason of the war?

Mr. ROBBINS. We have lost, most unfortunately, nearly all of it, Congressman Spence. In the case of cotton, as you know, instead of having a normal export volume of 6,000,000 bales or more, it is estimated that the exports this year may be only 1,000,000 bales.

Mr. SPENCE. Where will that go to?

Mr. ROBBINS. That will go mostly to Great Britain, Japan, and Canada. In the case of wheat the export market has practically disappeared for the same reason; and in the case of tobacco the export market has also practically disappeared.

Mr. SPENCE. What character of tobacco did we export; we did not export much burley?

Mr. ROBBINS. No, sir; mostly flue-cured tobacco. You will understand how that came about. It goes primarily to the British market. Normally the British hold about 2 to 3 years supply of American tobacco in stock in the course of being cured. Upon the outbreak of

hostilities in Europe, the British found that they would need to conserve as much of their purchasing power in the United States as possible for munitions and foods, and consequently they were able to cease purchasing tobacco for the time being, and draw upon the stocks stored for curing, without decreasing their consumption of American tobacco particularly. They could refrain from buying for at least 2 years.

The consequence of the discontinuance of the British purchases of our flue-cured tobacco was to throw the markets into utter chaos. The prices, of course, went directly downward, and the markets themselves had to be closed. It was possible, however, within a short time to work out a program under which the Commodity Credit Corporation, by absorbing what would have been our exports of tobacco, enabled the auction markets to reopen and the farmers obtained nearly as much for those tobacco crops as though the export business had continued.

Mr. SPENCE. Was it exclusively flue-cured tobacco that we exported; did we export any other kinds of tobacco?

Mr. ROBBINS. Yes; in smaller amount. May I refer the question to Mr. Myers, who can give you a detailed statement on American tobacco exports?

Mr. MYERS. We export a large part of our flue-cured crop, of course, about a third, normally, and several years ago, in fact back in the early twenties, we used to export over a half of our dark tobaccos, that is, the dark fire-cured. Those markets have declined gradually to perhaps a fourth to a third of the crop in the years immediately prior to the outbreak of war a year ago last September.

Mr. SPENCE. We did not export any burley?

Mr. MYERS. Practically none, less than 5 percent normally, just a little bit going into cigarettes.

Mr. SPENCE. What effect has the loss of our export markets had upon the prices of these commodities?

Mr. MYERS. Well, through our loan program, we have maintained the prices of dark tobacco at about the same level as they have been in the recent past years, because then they were also maintained by a loan program. We were facing in 1939, in the fall of 1939, the best dark-tobacco market situation that we had had since 1930. We had cleaned up our loan stocks, and everything seemed to be headed for perfection. Then Germany broke into France and destroyed our remaining European markets for dark tobacco, and we had to go right back into the tobacco-loan programs again.

Mr. SPENCE. There would have been a collapse of all of these prices of agricultural prices without Government help, would there not?

Mr. MYERS. Yes; the situation is very well illustrated in the case of flue-cured tobacco. The outbreak of war in September of 1939 brought with it a shutting off of Britain's allocation of dollar exchange for the purchase of American tobacco. Instantly our flue-cured markets had to close, the buyers simply could not hold the market with Great Britain out. So while the markets were closed for approximately a month, a referendum was held under which the growers voted in marketing quotas under the Agricultural Adjustment Administration Act, and the Commodity Credit Corporation developed a loan program so that in October, I believe it was October 12, the markets were again reopened.

Then the prices were held under the loan program at about the level that they had been immediately preceding the closing of the markets.

Mr. SPENCE. Did the loss of the flue-cured export market have any effect on the prices of the other types of tobacco?

Mr. MYERS. I would say only very indirectly, through a recognition that without a loan program the market could not support, or the trade could not support, the markets.

In the case of burley, we got into a loan program this year for a somewhat different reason. The crop turned out to be a good deal larger than had been anticipated under the marketing quota program, and the buyers were a little bit hesitant to take on stocks even of burley, which is used domestically. So we undertook a loan program, feeling that with a 3-year marketing quota already having been adopted by growers, we could be reasonably certain that within the 3-year program the surplus could be worked off.

Mr. SPENCE. That same condition applies to wheat, also, does it not? There was a large export market for wheat.

Mr. ROBBINS. That has disappeared, that is correct, sir.

Mr. SPENCE. What do you think we can do to reestablish an export market, is there any other field in which an export market could be established to take the place of the one that has been lost?

Mr. MYERS. Well, there is a general feeling, in fact a very definite knowledge that Europeans still like to smoke, and they still like our tobacco. In Great Britain they will take some cigarette tobacco now during the war; in the dictator countries, however, we have lost out and I have not the faintest notion of what will happen to our foreign markets for dark tobacco if the dictators continue to rule them, because starting with Italy, we lost that market, which formerly was an important market for dark-fired tobacco.

Later, when the present regime took over in Germany, our exports of dark fire-cured tobacco to Germany started to decline. The German consumers apparently still like our tobacco, but they were told to smoke Italian or Balkan tobacco, and I do not know what the answer will be. Mr. Robbins calls to my attention the fact that the Japanese are also expanding the production of tobacco in China, so that we will have further competition there.

Mr. GORE. I would like to ask a question. Has there been an increase in domestic use of the flue-cured?

Mr. MYERS. The general trend of cigarette consumption in this country is still upward, and with that comes a gradual increase in the demand for cigarette tobacco which includes flue-cured, burley, and Maryland.

Mr. GORE. Now, has there been any tendency come to your attention that flue-cured might be supplemented by burley in any manner in domestic use?

Mr. MYERS. There is a great deal of uncertainty on that, and so far as I know there are only theories. The cigarette manufacturers keep rather large stocks on hand, there is some thought that possibly if one type should go extremely low, and the other type become extremely high, the manufacturers would try to shift from the one to the other.

So far I would say that our price relationships have not gotten out of line very far, and I know of no evidence of serious shifts to date.

Mr. GORE. This last season was the first time that you have made any loans on burley, is that right?

Mr. MYERS. That is right.

Mr. GORE. How much did you loan on that?

Mr. MYERS. Approximately 75 percent of parity.

Mr. GORE. And in what amount of pounds?

Mr. MYERS. We loaned about \$5,000,000 as I recall, on about 25,000,000 pounds, and if I may look at the figures I can give you that correctly.

Mr. GORE. I want to know what percentage of the crop you made loans on?

Mr. MYERS. We made loans on 23,378,000 pounds as of April 30, that included practically all, if not, all of the loans made. The crop turned out to be about 380,000,000 pounds.

It was a crop that came to light very late; it appeared in the growing season that we would have a very short crop but we got late rains and the tobacco weighed a great deal more than had been anticipated, and the marketings kept increasing throughout the season, so that we ended with a very large crop.

Mr. GORE. My observation was that your loans during the last part of the burley season operated very definitely to bolster the price of the commodity. That was an observation and I wanted to ask you this: Of this tobacco which you extended loans to, how much of that have you now been able to dispose of?

Mr. MYERS. There have been no sales to date. What happened was that the companies had adopted their schedules of requirements for the year apparently based on what they anticipated the crop to be. When the crop turned out to be a great deal larger than was anticipated, it appeared clearly that they had obtained their requirements for the year, and were ready to drop out of the market or else take the remaining crop at terrible sacrifices in prices.

We went into the burley loan program expecting that we would probably have to carry that tobacco for at least a year. You see, there had been adopted the 3-year marketing quota program, so it was not anticipated that we would market that tobacco during the current year, but rather to pack it and carry it in hogsheads as permanent stocks.

Mr. GORE. Do you anticipate making loans on burley, on this year's crop of burley?

Mr. MYERS. Well, I would rather say that we anticipate that the problem will arise; I do not want to try to make a commitment as to what we will do. Mr. Robbins will have some things to say, and everybody on up to the President of the United States has to approve a loan program.

But we do anticipate that the problem is likely to exist again this year, as we had it last year, until the surplus which has been accumulated in previous years has been reduced.

Mr. GORE. Of course, if the farmers had an unfortunate season and there was a light crop, there probably would be no need for loans.

Mr. MYERS. That is right; if the crop were greatly reduced, why perhaps you could get along without a loan program, and we would then of course start liquidating the stocks that are now held by the burley association.

Mr. SPENCE. You say that you loaned a little over \$5,000,000 on 23,000,000 pounds?

Mr. MYERS. The amount loaned as of April 30 was \$4,230,000.

Mr. SPENCE. On how many pounds?

Mr. MYERS. Twenty-three million three hundred and seventy-eight thousand pounds.

Mr. SPENCE. What was your loan average per pound?

Mr. MYERS. 17.5 cents.

Mr. GORE. Dr. Robbins, you are familiar with the announcement of the Secretary of Agriculture that he would go into the open market and attempt to stabilize the prices of pork at \$9?

Mr. ROBBINS. Yes, sir.

Mr. GORE. And of course there were other commodities included in the announcement?

Mr. ROBBINS. Yes, sir.

Mr. GORE. To what extent will this Corporation be utilized in that operation?

Mr. ROBBINS. To whatever extent is necessary. Those purchases will be made by the Surplus Marketing Administration with Commodity Credit Corporation funds and then the pork bought will be sold primarily to the British. Our reimbursement will then come either from British exchange, or from lease-lend bill funds. The Commodity Credit Corporation will be reimbursed.

The CHAIRMAN. Where would you say that you would get the money?

Mr. ROBBINS. The Commodity Credit Corporation has on occasion made funds available to the Surplus Marketing Administration, with which to purchase surpluses.

The CHAIRMAN. Have you the authority under the law to make purchases?

Mr. ROBBINS. In such instances the Commodity Credit Corporation has been guaranteed by the Surplus Marketing Administration that within the limits of available funds it would make up any loss that might be incurred.

Mr. GORE. How could they guarantee that to you?

Mr. ROBBINS. Because the purchases made in order to distribute surpluses in the past by the Surplus Marketing Administration, were made under an appropriation of funds that could be utilized for distributing surplus agricultural products for relief needs.

Mr. GORE. Well, how much funds have you loaned to the Surplus Commodities Corporation?

Mr. ROBBINS. I think altogether and over the life of the Corporation, the total has been less than \$100,000,000.

Mr. GORE. In developing your prospectus on this proposed bill, how much did you anticipate would be loaned to the Surplus Commodities Corporation?

Mr. ROBBINS. There is an item in the estimates of \$150,000,000 which would cover loans on certain minor crops, and contingencies, and the necessity of having to make funds available for purchases through the Surplus Marketing Administration would be one of those contingencies.

Mr. WILLIAMS. Right in that connection, what was that \$50,000,000 item in your schedule here, the Agricultural Adjustment Administration, what is that for?

Mr. ROBBINS. The law provides that the Commodity Credit Corporation is authorized to make loans as required by the Secretary of

Agriculture to the Agricultural Adjustment Administration, of not to exceed in any 1 year \$50,000,000 for certain purposes: One is to pay the expenses of the county agricultural conservation committees, and another is to pay for certain raw materials, primarily fertilizing materials, that the Agricultural Adjustment Administration distributes as payments in kind to cooperators under the program.

Upon the completion of the year's work under the program, the deduction is made from the farmer's payment by the Agricultural Adjustment Administration, and out of those funds the Commodity Credit Corporation is reimbursed for the advance. It is purely a short-time seasonal loan with no risk attached.

Mr. WILLIAMS. That is the furnishing of fertilizer to the cooperators and for what other purpose?

Mr. ROBBINS. Yes; and for paying the expenses of county agricultural conservation committees, in handling the program for the farmers, as they go along. Then deductions are made from the payments to be received by farmers, to cover those expenses, and the Commodity Credit Corporation is reimbursed from those deductions.

Mr. GORE. I do not quite understand why it is necessary for one governmental agency to engage in the lending of money to another governmental agency.

Mr. ROBBINS. Well, this is a special case that occurs simply because it is necessary in carrying out the triple A program on occasions for it to make disbursements for payments in kind and for county expenses before its appropriations become available.

Mr. GORE. Would that not come, in the ordinary channels of Government, through a deficiency appropriation bill? Understand, I am not criticizing anybody, I am making inquiry.

Mr. ROBBINS. No; I think that the difficulty has been encountered on two or three occasions, by the Agricultural Adjustment Administration, when it became necessary during one fiscal year to incur obligations properly chargeable to the appropriation for the following fiscal year. It is really the lending by the Commodity Credit Corporation of a temporary revolving fund to the triple A, much, as a matter of fact, as the funds made available for purchases through the Surplus Marketing Administrator have served as temporary revolving funds.

The CHAIRMAN. That being the case, if you are simply doing that, it is much easier than if it had to go through the direct channels of a direct appropriation, because in the nature of things they could not anticipate with accuracy what their requirements would be, but they can get it from you as needed, and pay it back accordingly, if I understand you.

Mr. ROBBINS. Yes; that is correct, and the amount required cannot well be anticipated far enough in advance.

The CHAIRMAN. I want to ask you this: Does the Commodity Credit law permit you to make purchases? That is purchases of farm commodities?

Mr. ROBBINS. Yes, sir.

The CHAIRMAN. What is the provision on that point? I should be familiar with it but at the moment I am not.

Mr. WILLIAMS. It has been in there from the first, Mr. Chairman, I am sure of that.

The CHAIRMAN. I remember that the Farm Board engaged in extensive purchases, some of them on the Board in New York, and there was some considerable talk on it.

Mr. ROBBINS. Our legal advisor, Mr. Shields, will read that to you. The CHAIRMAN. I was just wondering if there was general authority for purchases.

Mr. WILLIAMS. That has not been exercised, has it?

Mr. ROBBINS. Yes, sir; to a considerable extent. In the case of tobacco, for instance, it was impracticable to make an arrangement for a loan on tobacco and handle the problem administratively, so what was done was that the Commodity Credit Corporation purchased and took title to surplus flue-cured tobacco, and made a contract for its packing and storing by the usual purchasers of that tobacco. Under that contract the purchasers incurred a substantial cost, say 5 to 9 percent of the total cost, and in return for that they were given repurchase options, so that within 2 years they could buy back the tobacco at the cost to the Government plus the carrying charges.

Economically there is no difference between a nonrecourse loan and a purchase with an option to repurchase. We have used whichever alternative was more practical and economical administratively.

Mr. GORE. There is really no difference in practical effect. Were you through, Mr. Williams?

Mr. WILLIAMS. I really had not started yet. I do want to inquire, if I understood you correctly, to say that the law required you to make these loans to the Agricultural Adjustment Administration for the purposes mentioned?

Mr. ROBBINS. That is correct, sir.

Mr. WILLIAMS. That is for furnishing the pay for the local agents, and furnishing the fertilizer temporarily, and then later on repayment is made by A. A. A. out of the benefit payments which it withholds from the farmers?

Mr. ROBBINS. That is correct, sir.

Mr. WILLIAMS. That is a provision of law, is it?

Mr. ROBBINS. That is correct; and as I recall, the law directs, as well as authorizes, the Commodity Credit Corporation to make those seasonal loans.

Mr. WILLIAMS. Now, is there any law, or any statute which puts a prohibition upon the disposition of these agricultural commodities, which the Corporation owns?

Mr. ROBBINS. The only existing law restricting the disposition of the commodities owned by the Corporation pertains to the sale of cotton. Cotton cannot be sold at less than the loan rate plus the accumulated carrying charges, and plus, with respect to the 1937 crop, the price adjustment payments that were made on such cotton.

Mr. WILLIAMS. Now, is that general? Does that apply to all cotton or just certain crops, up to a certain time?

Mr. ROBBINS. That applies to all cotton.

Mr. WILLIAMS. In other words, you cannot sell on the market any cotton which the Corporation owns, at less than the Government has invested in that cotton?

Mr. ROBBINS. That is correct, sir.

Mr. WILLIAMS. Does that apply to anything else except cotton?

Mr. ROBBINS. No, sir; that is the only existing restriction on the disposal of surpluses by the Corporation.

Mr. WILLIAMS. Is there any reason, I do not myself at the present see any reason, why it should be put on cotton, and not on certain other commodities?

The CHAIRMAN. There is the best of reasons in the world, but I am not trying to bring that up now. That has to do with the natural and normal operations of the cotton market. The mere right, or the mere authority today, if we conferred it on the Commodity Credit Corporation to dispose at its own will of the 6,200,000 bales of cotton which the Government owns, would have the same depressing effect on the market, well possibly not the same, but conceivably it would have the same depressing effect on the market that the same amount of cotton would, held by the farmers of the country, or by any private interest, because it would not be known what day that cotton would be thrown on the market, part of it or all of it at any one time.

Of course, if they were permitted to do that, even though as a policy we might know that they would not dump that cotton on the market, the mere authority to do it would defeat the purpose of the law.

Mr. WILLIAMS. Why does not the same apply to wheat and corn?

The CHAIRMAN. You do not have the same conditions. You do not have the same conditions as you do in cotton.

Mr. ROBBINS. As a matter of fact, Mr. Williams, I do not believe that there is any real economic necessity for such a provision of the law even in the case of cotton. But it has not operated to any substantial disadvantage yet, because we have not had any situation in which the demand for cotton, both domestic and foreign, could not be met by the current production plus the amounts under loan.

There has been no occasion in which it was necessary for the Government to sell the surplus stocks that it owns, except in the case of a barter agreement with Great Britain, under which cotton was exchanged for rubber, and in that instance the Congress readily agreed to grant an exception to that restriction.

Mr. WILLIAMS. I yet do not see the reason why it should apply to cotton and not to wheat and corn.

Mr. ROBBINS. We do not know of any necessity for the provision even on cotton.

The CHAIRMAN. There is one reason, of course, Dr. Robbins, that you cannot preserve wheat and corn like you can cotton. Cotton can be kept the same for 40 or 50 years from now just as it is today, which is not true of wheat and corn.

Mr. ROBBINS. What I mean to say is that the Government obviously is not going to offer cotton, its own stocks of cotton, for sale in the ordinary course of business in such a manner as to depress the market for a current crop of cotton to the farmers. If you applied such a rule generally, you might seriously interfere with several needs, including the interests of efficiency in handling loan stocks, and especially in our problem of reducing them after this emergency period is over.

There would always be a question, for example in the case of grain, as to when its deterioration were threatened by increasing moisture content, let us say, and if the Government were legally restrained from selling it some very large losses might be incurred.

Also a period might arise, temporarily, as it did approximately 13 months ago in the case of wheat, in which there would be an opportunity for the Government or the farmers to reduce loan stocks very advantageously, but which by its very nature could be recognized as only a temporary opportunity; and there would not be time to come to the Congress and obtain amending legislation. Surplus stocks will need to be reduced after the war, not locked up.

Mr. WILLIAMS. Can you sell your cotton in the export trade below the amount that the Government has in it?

Mr. ROBBINS. No, sir.

Mr. WILLIAMS. You cannot sell it at all?

Mr. ROBBINS. That is usually correct.

Mr. GORE. You have not sold your surplus corn and wheat in competition with the producer, have you?

Mr. ROBBINS. Some corn has been exported, and some wheat has been exported, but if the Government had not exported it, it is probable that the farmer would not have had that market anyhow. It has usually been an increase in the total marketing for which Government-owned stocks were used.

Mr. WILLIAMS. Let me see that I understand this export problem. I understood some way that you could export it at a price less. Is it subsidized in some way out of another fund?

Mr. ROBBINS. Yes; the appropriation made available for the purposes of section 32 of the triple-A Act is authority for the payment of export subsidies. Such payments have been made, but they have been made to facilitate the export of privately owned cotton only, and not Government-owned cotton.

Mr. WILLIAMS. Well, can they be used to subsidize the export of Government-owned cotton?

Mr. ROBBINS. That is a legal question. How about that, Mr. Shields?

Mr. SHIELDS. No, sir; the money is authorized to make subsidies or benefit payments to producers, and could not be used to make payments to another Government department.

Mr. PATMAN. That cotton is used in the mattress-making program, is it not?

Mr. ROBBINS. Yes; but only indirectly through exchange.

Mr. SPENCE. How long can tobacco be stored without deterioration?

Mr. ROBBINS. May I refer that question to our tobacco expert? Mr. Myers, we have the question, generally, about the length of time that tobacco can be stored without deterioration.

Mr. MYERS. Well, normally, I believe tobacco is kept by the companies for a period of 2 to 4 years. We have had tobacco stored from 1934 to date, where there was probably some excess sweating of the dark tobacco. We felt that it was getting past the optimum period for storage, but I do not know that there is any definite date that we can say that tobacco is too old. It does go through a sweat each summer, and after perhaps the fourth year it would probably deteriorate gradually.

Mr. GORE. If I may go on, I want to get a little further information about these funds, how these funds in this Corporation may be used in the price stabilization effort. You are authorized to make purchases. Can you tell us a little more about how it will be used, or will it be used other than through loans to the Surplus Commodity Corporation?

Mr. ROBBINS. Well, I do not see any instance off-hand in which the funds are likely to be used in a way that is economically different from a loan. The purchases that have been made with an option to repurchase are for all intents and purposes the economic equivalent of a nonrecourse loan.

However, it is well to make purchases occasionally, in case it is needed, for instance, to announce in advance a program that will encourage necessary production. For instance, in the case of hairy vetch and Austrian peas, which have been needed in the past 2 years by the southeastern part of the United States for soil conservation purposes in greater quantities than seed were available at reasonable prices. The producers of the seed, located mostly in the northwestern part of the country, were reluctant to gamble on what the market might be.

Consequently a purchasing program was announced in advance of planting time for Austrian peas and hairy vetch, so as to guarantee producers a reasonable price for the crop to encourage them to produce a supply adequate to meet the needs of the southeastern cotton producers.

The response was adequate and the purchases were made and transferred through the Agricultural Adjustment Administration to the cotton planters; the program worked out, I believe, to everybody's satisfaction; and I have just explained why in the case of tobacco it is much less expensive, administratively, under certain conditions, to make a purchase then to make a loan, technically, although economically they are the same.

Mr. GORE. In the course of months ahead of us, the eventualities of which none of us can foresee, might it not be possible that these funds would be used in a similar manner in relationship to the commodities on which the Secretary has already announced a price, at which he upon his own responsibility arrived, for some other commodities upon which he should determine a stabilized price to be wise?

Mr. ROBBINS. That is probable, I should say, under these unusual circumstances.

Mr. GORE. Well, of course, and it might be advisable, as well as probable.

Mr. ROBBINS. Yes, sir.

Mr. GORE. Now let us look at the other angle of it. How will these funds or how could these funds be utilized to prevent the price of some given commodity from going above the price which the Secretary of Agriculture announces? You have given us an instance of how it might bring it up to that.

Mr. ROBBINS. I do not believe that any funds would be used to prevent prices from rising, because either purchases or loans tend to support rather than decrease prices. Prices could be prevented from rising through the use of funds only indirectly, that is if a shortage were threatened of some commodity a year or so in advance. It might be possible in that case by the use of funds to encourage the production of a greater supply than would otherwise occur, and the effect of that supply might keep prices below what they would otherwise be, but that is about the only possibility that I see.

Mr. GORE. Would it be possible to utilize the example which our distinguished chairman cited, the case of cotton, where the selling of the amount which you had on hand would depress the market? It would be possible for these funds to be used in that manner.

Mr. ROBBINS. Why, obviously, but I did not understand what you meant by selling, a use of funds.

Mr. GORE. Of course, if you purchase with the funds and then sell the products which you have purchased with these funds, that would be a use of it.

Mr. ROBBINS. That is correct; and in the course of that operation you might incur a loss and that would certainly be a use of funds.

Mr. DEWEY. Could I ask a question there.

Mr. GORE. I will yield; I was not quite through.

Mr. DEWEY. I had just one question along the line of Mr. Gore's interesting inquiry. With Mr. Henderson and others attempting to stabilize prices, is there any coordination between the Commodity Credit Corporation and the surplus organizations, so that they are not working at cross purposes, one putting prices up by the purchasing of crops, and the other attempting to hold them down?

Mr. ROBBINS. There is I believe what might be called complete collaboration or coordination between the Surplus Marketing Administration and the Commodity Credit Corporation in that respect. I could make that plain by telling you about the procedure that is followed—

Mr. DEWEY. And bring in Mr. Henderson, too, because that is a new operation which has just come into being.

Mr. FORD. Is that the wholesale or the retail prices?

Mr. DEWEY. If you raise the wholesale prices, the retail prices will rise also. I was just wondering if there was a chance the Commodity Credit Corporation and Mr. Henderson might come in conflict in their efforts to stabilize prices of certain commodities.

Mr. ROBBINS. There certainly is an effort to avoid conflict; and by direction of the President an organization has been set up, called the Office of Agricultural Defense Relations, in the Department of Agriculture, to carry out, among other functions, just that problem of continuous coordination with the work of the National Defense Commission.

Mr. GORE. Understand, Dr. Robbins, my interrogatories have not been in the way of criticism, it may be very wise that this be done, but I did think that we should examine the purposes of the funds and the possibilities of their use.

I do wish you to convey at some spare moment to the Secretary of Agriculture that a month ago I wrote him a letter asking similar questions, and he has not yet seen fit to reply, and that when he has finished talking on foreign policy, a subject upon which he must be eminently qualified to talk, I wish that he would answer my letter.

Mr. ROBBINS. If there has been any delay, let us not hold the Secretary of Agriculture personally. Naturally the Secretary of Agriculture receives literally hundreds of letters a week, and he has to obtain assistance in answering them. I do hope this: That in view of the fact that the answer has not been as prompt as you had anticipated, that when it is received it will be thorough, complete, accurate, and fully satisfactory, so you can see why it has taken some time to answer it. Such things can happen.

Mr. GORE. If that letter is typical of your answers to my questions, I will be thoroughly satisfied.

Mr. ROBBINS. Thank you, sir.

Mr. KEAN. Dr. Robbins, section 2 of this bill as I understand it provides that for the purpose of the restoration of the capital of this Corporation the assets of the Corporation be handled on a cash basis rather than on an inventory basis, that is when you inventory for the purpose of this appraisal, it would be absolutely immaterial whether you had bought cotton for 15 cents a pound, and it was selling at

8 cents a pound, you would not have to give any consideration to that at all.

In other words, the Corporation might be completely insolvent, and it would not make a bit of difference. Is that not correct?

Mr. ROBBINS. That is not correct, fortunately.

Mr. KEAN. Can you explain to me what the language means then when on line 23 and line 24, you say—

restore that part of its capital impairment equal to the amount, if any, by which such receipts are less than such charges—

and you refer to these various receipts and cash items, not to the inventory items.

Mr. ROBBINS. Could I point out first the reason which caused the administration to suggest the change? And I might say in advance that these changes in calculating the amount to be appropriated and the amount to be paid into the Treasury, are based on recommendations by the Budget Bureau.

As the matter stands now, the Secretary of the Treasury has no alternative under the law except to evaluate the assets of the Corporation on the basis of the market prices existing only on 1 day, March 31 of each year. Now, if on that day prices happen to be unusually low, temporarily, a large appropriation is required. If on the other hand it happens to be a period of temporarily but unusually high prices, still the Corporation is required to go out and issue notes and borrow funds in the open market and then make a payment of a so-called surplus to the Treasury.

Now, obviously, that requires an enormous amount of work on the part of the Congress in making appropriations, that do not represent actual losses, and it requires payments into the Treasury of items that are not actual gains. In other words, you are appropriating in large part for paper losses and the Corporation is paying into the Treasury in large part for paper rather than realized gains.

In order to avoid that anomalous situation, there is needed a less erratic basis of valuing the situation than the happenstance of market price on a single day. And in an effort to meet that, the Budget Bureau has suggested that appropriations be made only for actual losses, not paper losses, and that payments of surplus be made only for actual gains, and not paper gains. But in order to protect the credit of the Corporation, if the value of its assets should be less by more than \$100,000,000 of the amount of its capital, then such excess or the deficit in its net worth below the amount of its capital would be appropriated.

In other words, all this provision does is to follow standard accounting practices, to consider losses as realized losses, and to consider as gains only realized gains, but to maintain the credit of the corporation by making provision for an appropriation in the event that an appraisal of its assets on the basis of market value should show a net worth below the amount of its capital.

Mr. KEAN. Well, do I understand from what you say that if the assets, as shown by the appraisal, are less than \$100,000,000, that we still have to make the appropriation; is that covered by that provision?

Mr. ROBBINS. An appropriation would be made in either of two instances, in case there is an actual loss incurred by the corporation,

or in case there were a paper loss that exceeded the amount of the corporation's capital.

Mr. KEAN. Exceeded the entire \$100,000,000, you mean, that is only if the corporation is insolvent, you have to make up that deficit up to the even figure where you do not exist plus or minus?

Mr. ROBBINS. That is exactly so. That leaves an area within which paper losses and gains of \$100,000,000 a year can come and go without requiring appropriations or payments of surpluses.

Mr. KEAN. What is the present rough inventory position of the corporation?

Mr. ROBBINS. Offhand I believe that we would estimate that if an evaluation had been made on the basis of market prices, as of last March 31, we might have needed an appropriation of \$5,000,000 to \$20,000,000, and if an appraisal had been made as of April 30, we would have had to pay, in the absence of such a rule, a paper surplus into the Treasury of about the same amount, that is between \$5,000,000 and \$20,000,000.

Mr. KEAN. That is based on the old method of doing it and not on the new method?

Mr. ROBBINS. That is correct, sir.

Mr. KEAN. So your entire losses have only been some \$20,000,000, I think that that is very commendable.

Mr. ROBBINS. On that basis of evaluating; yes, sir.

Mr. KEAN. That is when you consider the European markets, or the lack of them, I think that that is very good.

Mr. ROBBINS. Taken over a long period of time, I believe you will find that the commodity loan program now being followed by the Government does assure you of reasonable results. You cannot meet drastic situations, as has been done, and lift prices substantially without, of course, incurring risk. The losses incurred by the Federal Farm Board whose loans were unaccompanied by production adjustment programs often exceeded 50 or 60 or 70 percent of the amount lent.

The Government has learned by such experiences that in order for a loan program to function adequately, it needs to be protected in two ways: In the first place, the amount going under loan must be limited; without production adjustment and with continued excess supplies any loan program could be swamped. On the other hand, programs also need to be in effect to draw off such surpluses as are accumulated under loan, and so we have the various marketing programs.

With the combination of protection on each side, production adjustment on one side, and surplus marketing programs on the other, it has been possible over the life of this Corporation to make more than \$2,000,000,000 of loans in small amounts, and liquidate more than \$1,000,000,000 with a loss to the Government of less than 5 percent; and the administrative expenses for the Corporation have been, I am told, but it is only an opinion, less per dollar of loans made than that for any other financial institution in the world, public or private.

Mr. KEAN. I understand that in spite of this provision, you still would have to report on March 31, your actual inventory position and market prices?

Mr. ROBBINS. That is correct; that still would have to be done.

Mr. KEAN. So Congress would know what your position is?

Mr. ROBBINS. Yes, sir.

Mr. KEAN. Even though the Treasury does not have to contribute this money?

Mr. ROBBINS. That is correct, sir.

Mr. KEAN. Thank you.

Mr. CRAWFORD. On that point of inventory valuation, your values are however picked out of a Government-manipulated or Government-controlled market price; are they not?

Mr. ROBBINS. That is correct; and that is one of the reasons that the method of evaluation now in the law seems to be somewhat anomalous, that is if the Corporation should advance its loan rates just before March 31, then it would show a paper profit because market prices would respond to that.

Mr. CRAWFORD. And as we move more and more into absolute Government management of economy, that would become more so, possibly?

Mr. ROBBINS. That is possible, sir.

Mr. CRAWFORD. Many of the questions that I intended to ask have been brought out here this afternoon, so I will skip those. I want to go back just a moment, however, to recall that the spokesmen of the Department of Agriculture very often refer to the war as being the cause of our loss of export markets on agricultural goods. I would like to submit the question in this way, and you can answer it in your own way:

Had we not gone along with England in the effectuation of the blockade, in other words had we said to England, "We are going to sell in Europe whether you like it or not," had that been our policy the answer to the questions might have to be different, would they not?

Mr. ROBBINS. I should not like to venture a guess on that. There are so many imponderables in that situation, and it involves questions of foreign policy which the State Department should answer, so that I would like to be excused.

Mr. CRAWFORD. People ask me about it, and I take the position that the loss of our markets insofar as relating to the war is concerned is because we went along with the effectuation of the blockade. I do not criticize our doing it.

Miss SUMNER. You mean the encirclement that began around 1935?

Mr. CRAWFORD. No; when they speak of the losses of our market in the last year, since September of 1939.

Miss SUMNER. We began to lose the cotton market, beginning in 1935, to Brazil.

Mr. CRAWFORD. What I am speaking about are the numerous speeches that are made, especially by the Secretary of Agriculture, where he speaks of the loss of agricultural exports being due to the war. The point that I am bringing out is why does he not come out and say exactly what caused the loss of the markets.

In other words, had we wanted to take the burden of putting the stuff across the sea, we could have sold the goods in Europe, there is no question about that in my mind.

Mr. ROBBINS. Has that had much to do with the blockade? It has not interfered with the loss of the tobacco market in Britain.

Mr. CRAWFORD. You would have lost one market, but you might have picked up a market for other commodities.

Mr. ROBBINS. How were we to have been paid for our exports to the Continent?

Mr. CRAWFORD. That is something that our trading agents would have had to work out.

Miss SUMNER. Did you not lose your tobacco markets when they made the deal with Turkey, when they agreed to take their tobacco instead of American tobacco?

Mr. ROBBINS. No; a great deal of substitution, as we understand it, did not occur. As you may know, the flavors of Turkish and American tobaccos are quite different and voluntary substitution does not take place readily.

Miss SUMNER. No; I do not smoke [laughter].

Mr. CRAWFORD. How are we to regain these markets? Under the effectuation of the blockade and the prosecution of the war, we do not intend to sell to our enemies, do we?

Mr. ROBBINS. Presumably not.

Mr. CRAWFORD. And we are now selling to our friends everything that they will buy from us, or that we can give to them.

Mr. ROBBINS. The difficulty is getting it there, and not their unwillingness to buy.

Mr. CRAWFORD. So the question answers itself to me, through my looking at our policy. As I understand our policy to be that we are not going to sell our enemies, and that we will put the goods to our friends eventually any way that we can get them there, so I would say that our future export market is limited entirely to the prosecution of that particular policy.

Miss SUMNER. Have you correctly stated it, though? Are we not selling lots of other kinds of products to the Axis Powers, like Japan and Germany? It is only the agricultural products; it is only there that we have not the policy of selling to our enemies.

Mr. CRAWFORD. That is the thing that I am talking about; I am not going to press Mr. Robbins on a question like that.

Now, going to your exhibits, have you identified in the record, and if so we will not bother about this, exhibits A, B, and C? Have those been identified in the record?

Mr. ROBBINS. They were referred to, as I recall, in the prepared statement which we read this morning.

The CHAIRMAN. If not, you may do so in the record.

Mr. CRAWFORD. Exhibit A shows your total loan and purchase operation since the inception of the Commodity Credit Corporation down to April 30, 1941.

Mr. ROBBINS. That is correct, sir.

Mr. CRAWFORD. As related to the commodities mentioned on the sheet?

Mr. ROBBINS. Yes, sir.

Mr. CRAWFORD. Exhibit B shows the statement of loans outstanding, and the commodities owned as of April 30, 1941?

Mr. ROBBINS. That is also correct, sir.

Mr. CRAWFORD. And exhibit C is your justification for the increase of \$1,000,000,000?

Mr. ROBBINS. Yes, sir.

Mr. CRAWFORD. I bring this up because I want to use those schedules; I think that they are very informative and valuable.

Now, may I refer you to a press release from the Department of Commerce, dated May 3, 1941, and to get my question before you I will have to read a few lines here:

The German price-control system had been in operation for such a long time before the outbreak of the present war that very few changes were necessary to meet war conditions. The war economic ordinance before 1939 contains a provision for freezing wages, salaries, and working conditions at pre-war levels and abolishes payment for overtime, Sunday, holiday, or night work. It was provided that prices of goods and services must be adjusted to the demands of war economy. They must be held at least at the pre-war level, but if any gain should result from the freezing of wages and salaries or from other specified causes, prices should be reduced accordingly.

It is interesting to note that, according to a statement by Price Commissioner Wagner, price reductions on consumption goods were avoided during the first year so as to escape the harmful effects of increased purchasing power, one of the harmful effects being elicited trade.

This fear of increased purchasing power pressing against curtailed supplies is an important factor in German price control, necessitating constant vigilance and stopping of leaks through which the ingenious producers and distributors try to get away from the grip of price control.

The price control policies of countries with economies disrupted by war preparations or other emergencies, follow more or less uniform pattern. The first impulse in dealing with a sudden scarcity that might be exploited by the speculative elements in the trade to the injury of the consumer, is to set a maximum price limit. The chief advantage of this first step is itself apparent simplicity. As it does not require much preparatory work it is regarded as easy to administer. Like many simple solutions for complicated problems, the maximum price policy is soon discovered to be inadequate.

It cannot be used efficiently in dealing with imported goods, it lacks elasticity, and it does not permit of differentiation between producers of different degrees of efficiency, and unless supported by the drastic mass measures it does not prevent the withholding of goods from the market. It does not influence supply when the entire supply is short of demand. It soon becomes the minimum price.

I read that section in connection with the reemphasis, as I call it, which Secretary Wickard made on May 8, 1941, with reference to his now famous April 3 announcement, which has been discussed here quite a bit and which I understand ties into this bill considerably.

Now, the Secretary said this:

Apparently there has been some misunderstanding of this program. The report got out that the Department planned to peg prices. Naturally the farmers did not feel any too good about that. Their interpretation of "peg" is the same as my interpretation. A pegged price does not go up or down, it stays at one place.

We did not peg prices. The prices we have in mind are floors, they are not ceilings. Through commodity loans we put a floor under the prices of wheat, cotton, corn, and tobacco. Through purchase in the open market we plan to do the same thing for hogs, dairy products, and chickens and eggs.

Now, the price-control machinery has been referred to and if I understood you correctly, this new agency set up in the Department of Agriculture does definitely tie into the whole price-control machinery which we are now proceeding to establish. Now, you may not want to answer this question, and this is the question that I want to submit. Studying the program of Germany as it operated through the twenties and up to 1933 in particular, then as it operated again from 1933 to about 1938, and then as it operated from 1938 down to 1941, and based on the recent release of the Department of Commerce to which I have referred, does it seem to you that our price-control features are taking considerably the same course?

Now, do not answer that question if it embarrasses you in your administrative duties.

Mr. ROBBINS. No, it does not. My only hesitation in answering your other question was that it was a matter of policy in the field of

international affairs, and that somebody from the State Department should consider it.

I do not believe that what has been done here in the field of agriculture and agricultural prices at all parallels what the German Government has done as reported in materials that you have just read. As a matter of fact there are three ways of supporting the prices of agricultural products.

One is by making loans; another is by adopting the processing-tax principle, a variation of which is the so-called marketing certificate plan; the third is by fixing prices through governmental decree. The German Government according to that report has been pursuing the latter course.

This recommendation is that only minimum prices be fixed through loans and purchases. We do not have a problem of fixing maximum prices in agricultural products. The fact is that our supplies are so large, in relation to the demand for all products which are normally in part exported, that the prices would decline to ruinously low levels if we did not have a floor under them.

In the cases of those few agricultural products for which the demand has increased rather than decreased as a consequence of existing war conditions, the problem, if there be one, of avoiding many excess prices certainly has not arrived, and it can best and most readily be avoided by the levée of encouraging additional production, such as we are now encouraging through the use of these funds in the cases we have mentioned of Austrian peas, hairy vetch, pork, and poultry and dairy products.

If funds are made available for us to keep adequate supplies of those things in which shortages might otherwise occur, and also to maintain at least a reasonable minimum for those commodities which on account of war conditions are temporarily in great surplus, then we shall never have to face the regimentation of fixed prices through governmental decree, such as is described in the material that you read.

MR. CRAWFORD. Your remarks are being directed toward agricultural products; you do not mean others?

MR. ROBBINS. I assumed that you confined your remarks to that, too.

MR. CRAWFORD. That is correct.

Now, in your statement this morning, I believe it was, you mentioned the thought to the effect that one other course we might have followed was to sit down around the table and make, we will say, an international allotment of these markets.

Let me submit my question this way:

What reasoning is employed to arrive at the conclusion that international allotment of markets can be made to attain stable and satisfactory markets? What will the conditions be for such attainment? Has the possibility been considered that the same lack of equilibrium between agricultural and industry might develop if it has not already developed on a world-wide scale with so-called no foreign market available for dumping of whatever surplus might materialize?

Now, how does such an international quoting market differ from the German proposal for arranging international markets?

That is kind of a series of questions; you can comment on them any way that you like.

MR. ROBBINS. Well, the German proposals and programs, as I understand them, are based on barter and unlimited purchasing of

political and military advantages, along with the disposal of merchandise.

Mr. CRAWFORD. You are now referring to their recent activities, we will say, the last 15 to 24 months.

Now, what I am directing my last question to was more the markets which they somewhat anticipate establishing in continental Europe, if that is the field in which they will operate, where they will take and establish these economic areas, and then proceed to level off the thing as best they can under their management.

That is what this last question refers to.

May I say this additional before you proceed to answer that? I think that when Vice President Wallace was Secretary he several times referred to sitting down around the table and arranging an international market to allocate the cotton produced throughout the world, so he must have had back in his mind somewhere a plan which he thought could be made equitable and practicable so that it would work and keep everybody fairly well satisfied.

Now, the main question that I have here is what reason have we to assume that such a plan would not lead to a disequilibrium through world production and you get right up against the stumbling post and not have another foreign market to which you could ship your surplus created by that disequilibrium which comes out of the general plan.

Would you care to comment on that?

Mr. ROBBINS. Those questions are rather broad, but I shall try. There will always be a large market for cotton, presumably, in areas which are not climatically adapted to its production; so markets will exist.

The alternatives in selling cotton in the foreign markets seem to be about two: One is price competition, and under that, governments otherwise friendly could follow practically mutually destructive courses. That is, we could compete with Brazil, for instance, in attempting to obtain the market for cotton in Great Britain, and we might carry that competition to the point at which the United States and Brazilian producers or Governments were unnecessarily injured and the cotton was being furnished at an unreasonably low price to the British.

The other alternative would be to work out an international agreement under which the United States and Brazil and the other cotton exporting nations would obtain their fair shares of even such reduced world markets as may exist. That would assure not only a fair volume but presumably a fair price. It would naturally have to be supported by production adjustment programs in each of the exporting countries, if they were not to find themselves swamped with unmanageable surpluses.

You say, "What reason could Mr. Wallace have had for assuming that that was even possible?" There is one such agreement that perhaps you are acquainted with, namely, the international sugar agreement.

That was an agreement limiting at first only exports, and finally it was evolved into one that required production adjustment programs, and limitations on competitive home production by the import countries. It was worked out, although more than 20 nations were parties to it, and operated with apparently reasonable satisfaction. The world markets were fairly shared and prices improved.

Mr. CRAWFORD. Taking one other question that I would like to ask about the line of questions that Mr. Williams submitted, if we followed his thought there, of letting agricultural prices say somewhat level off right where they are and if we went to the extremes of pulling industrial prices down, to equalize parity, we will say, we would still have our prices on many of these agricultural products considerably above what we would term a free world market price level, would we not?

Mr. ROBBINS. Yes, sir; presumably.

Mr. CRAWFORD. So that that situation would not recover for us our export markets, would it?

Mr. ROBBINS. No, sir. The Department of Agriculture has pointed out on various occasions that in order to hold our export markets on the basis of price competition, and that is what it must be in the absence of an international agreement, there must be sufficient export subsidies paid to make our products fully competitive with others offered in the world market.

Mr. CRAWFORD. That is all that I have.

Mr. ROLPH. Could I ask just one question?

Down in the corner, Dr. Robbins, you have got down there, 1939, \$340,000,000, and the previous years, \$1,329,000,000.

Does that \$1,329,000,000 include those two previous figures?

Mr. ROBBINS. No, sir; those totals are the 1940 loans, the 1939 loans, and then all previous loans.

Mr. ROLPH. Then in other words, the \$2,152,000,000 present capital, is \$1,400,000,000; is that right?

Mr. ROBBINS. That \$1,400,000,000 is the present authorized borrowing power; in addition the capital of \$100,000,000 makes a total lending power of 1½ billion.

Mr. ROLPH. What is the difference between \$1,400,000,000 and the \$2,152,000,000? Where does that come in?

Mr. ROBBINS. Well, this \$2,152,000,000 is not the amount of loans and the value of the commodities owned now on hand, that is merely the total loans that have been made over the entire life of the Corporation.

If you look on exhibit B you will see there two grand totals, at the bottom of the page, showing the loans outstanding as of April 30, were \$579,000,000 and the book value of the commodities owned on the same date, \$648,000,000.

Mr. ROLPH. Then if I understand, the actual loans are only \$579,000,000, is that correct?

Mr. ROBBINS. That is correct, now outstanding.

Mr. ROLPH. Thank you.

Mr. ROBBINS. In other words, more than a billion dollars of the Corporation's loans have been liquidated.

Mr. ROLPH. Thank you very much.

Mr. KEAN. Now, on the \$100,000,000 item, you rather talked as if \$100,000,000 was chickenfeed.

Now, would not your purpose be just as much served, for instance, if, instead of \$100,000,000, we made that figure \$50,000,000, and then the corporation would remain solvent, and you would have your 10 or 20 or 30 million dollar shift, without any inconvenience to you.

Mr. ROBBINS. The difficulty is this: That figure ought to be adequate to allow for at least a substantial fluctuation in price.

Mr. KEAN. Would not \$50,000,000 be substantial?

Mr. ROBBINS. I doubt its adequacy, because we are talking about a fund here of more than \$2,000,000,000 in commodities and \$100,000,000 would only be 5 percent of \$2,000,000,000; and we thought you probably would like to allow for a price fluctuation of at least 5 percent before we had to seek appropriations on the basis of paper losses or make payments on the basis of paper gains.

We do not mean it is small in absolute amount, \$100,000,000 is a lot, but as a percent of \$2,000,000,000 of commodities, it is not much, only 5 percent.

Mr. KEAN. If you had \$50,000,000 the corporation would still be solvent, while if you have \$100,000,000, you might be practically insolvent—

Mr. ROBBINS. Yes; but we have a reserve for losses.

Mr. MILLS. Would it be too much trouble to supply for the record, Dr. Robbins, a chart showing the price that the farmer would receive for five or six commodities, say, cotton, corn, wheat, tobacco, and rice, if he received 75 percent of parity, in one column and 85 percent of parity in another, and 100 percent of parity in the third column, and you can take any day that you want to take to figure it on?

The CHAIRMAN. Why not another column showing what they are getting now?

Mr. MILLS. In another column show what they are getting now.

Mr. ROBBINS. We shall be pleased to do that, sir.

(The statement requested is as follows:)

Average prices for basic crops at parity, 85 percent of parity, 75 percent of parity and average prices received by farmers on Apr. 15, 1941

	Parity price, Apr. 15, 1941	85 percent of parity price	75 percent of parity price	Average farm price, Apr. 15, 1941
	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>
Cotton, per pound.....	16.00	13.60	12.00	10.45
Corn, per bushel.....	82.8	70.4	62.1	62.0
Wheat, per bushel.....	114.0	96.9	85.5	76.0
Rice, per bushel.....	104.9	89.2	78.7	111.7
Tobacco:				
Burley, per pound.....	22.0	18.7	16.5	¹ 16.3
Flue-cured, per pound.....	22.7	19.3	17.0	¹ 16.2

¹ Average price for 1940 crop. Auction markets now closed.

The CHAIRMAN. We will meet tomorrow morning in executive session.

(Whereupon, at 5 p. m., the committee adjourned.)

CONTINUANCE OF COMMODITY CREDIT CORPORATION

THURSDAY, MAY 15, 1941

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

(The committee met, pursuant to notice, Hon. Henry B. Steagall (chairman) presiding, for consideration of H. R. 4694, Present: Representatives Steagall, Williams, Spence, Ford, Brown, Patman, Gore, Mills, Monroney, Hull, Wolcott, Crawford, Kean, Smith of Ohio, Kunkel, Rolph, and Dewey.

The CHAIRMAN. The committee will come to order.

Dr. Robbins, will you come around, please?

Mr. ROBBINS. Yes, sir.

STATEMENTS OF CARL B. ROBBINS, PRESIDENT, COMMODITY CREDIT CORPORATION; ROBERT SHIELDS, GENERAL COUNSEL, COMMODITY CREDIT CORPORATION; AND MILO PERKINS, ADMINISTRATOR OF THE SURPLUS MARKETING ADMINISTRATION

The CHAIRMAN. The committee has before it the Gore bill, or amendment, which we discussed at our former hearing. Some members of the committee would like to have you discuss that proposal further. Particularly we desire that the committee be informed as to the amounts of funds that have been supplied by the Commodity Credit Corporation to other agencies of the Department of Agriculture in their operations, either in the purchase or in other methods of handling farm products, or any of the products upon which the Commodity Credit Corporation makes loans.

Mr. WOLCOTT. First, Mr. Robbins, does the Commodity Credit Corporation purchase any agricultural products?

Mr. ROBBINS. Yes, Mr. Wolcott. The Corporation has extended aid in relieving surplus conditions in two forms. Economically, however, they are the same.

One method has been to make nonrecourse loans, and the other method has been to make a purchase and to grant an option to repurchase at the purchase price, plus the carrying charges.

Mr. WOLCOTT. That latter method has been universally held by the courts to operate as a loan, has it not?

Mr. GORE. I am sorry, Mr. Chairman, I did not hear his first answer there. There is so much confusion that I cannot hear. Would the stenographer repeat his statement?

(The reporter repeated the answer of Mr. Robbins as above recorded.)

Mr. WOLCOTT. Then that latter method would operate, according to the laws of most of the States, as a loan?

Mr. ROBBINS. It is economically the equivalent of a nonrecourse loan, but I am not sure of its legal status in the various States.

Mr. WOLCOTT. Regardless of the legal part of it, it operates as a loan. Then, if we made Mr. Gore's amendment operative, would we not have to define the word "purchase"?

Mr. ROBBINS. That would probably be advisable, because it is always helpful to know precisely what the intent of Congress is, as indicated by the wording of the law.

Mr. WOLCOTT. My point is that your primary program is one of loaning, is it not? You loan on cotton, and loan on wheat, and you loan on corn, and other products, basic products?

Mr. ROBBINS. Most of the relief extended by the Corporation takes the form of loans. However, the Corporation is authorized to make purchases as well.

Mr. WOLCOTT. Yes, but in this particular amendment there is nothing compelling you to purchase?

Mr. ROBBINS. That is true, sir.

Mr. WOLCOTT. But if you do purchase, as I understand this amendment, then it must be at parity.

Mr. ROBBINS. That is also true, sir.

Mr. WOLCOTT. I just wanted to bring that out so that those members of the committee who want to or intend to create parity should have that in mind, so that it might be amended, if necessary to accomplish that purpose, because the way the amendment is worded, it does not appear to me to accomplish that purpose.

Mr. ROBBINS. It is difficult to understand why a law would be written to require loans at 85 percent of parity, and purchases at full parity, because there is no economic distinction between them.

Mr. WOLCOTT. This puts you in a position where it limits you—

Mr. ROBBINS (interposing). In a position in which we would have to use only the loan method in order to extend aid, say to tobacco, unless it were decided to do more for tobacco than for the other basic crops by making payments to it of 100 percent of parity, instead of loans at 85 percent, as would occur under the bill passed by the Congress yesterday for cotton, corn, and wheat.

Mr. WOLCOTT. If I have correctly interpreted this form of loan which you have described here, where you give the farmer an option to purchase back at the loan price plus carrying charges, then that would have to be at parity, but if you take a nonrecourse loan, then there is nothing in this amendment here to affect that situation, provided he held a nonrecourse loan.

Mr. ROBBINS. Presumably that is one of the anomalous situations that would arise under this wording.

Mr. WOLCOTT. We are merely trying to prevent you from using any of these moneys to make loans at less than the parity price, but if you purchase, you must purchase at parity, but that does not affect the nonrecourse loans.

Mr. GORE. My intention was that none of these funds should be used for the purchase of agricultural commodities below parity.

Mr. WOLCOTT. The thought came to me as I studied this over, that if you want to establish parity, you must provide that the loans on these crops must be at parity, the nonrecourse loans, and this

other method, which Mr. Robbins has described; otherwise you defeat the purpose of the amendment.

I just thought that we should have that in mind as we go along here and clear up what our intention is, because I think the amendment was intended to establish parity, and there is nothing in the amendment to compel you to purchase.

If we compelled you to purchase instead of loan on these crops, of course under the amendment, you would have to purchase at parity.

Mr. GORE. My intention in this amendment was to provide that any funds made available under this act, or otherwise available to the Commodity Credit Corporation, should be used for the purchase of agricultural commodities at the parity price.

Mr. WOLCOTT. That was my understanding.

Mr. GORE. To purchase agricultural commodities at the parity price, that is, not below the parity price, and that any commodity, if purchased by these funds or the use of these funds, cannot be sold at a price below parity.

Mr. WOLCOTT. To demoralize the market.

Mr. GORE. What I have in mind over all is to prevent any marketing manipulations, going into the market or coming out of the market, buying or selling, which would operate to forestall a commodity reaching the parity price. I agree, thoroughly, Mr. Wolcott, that we should not have an involuntary spiral, and that market operations would be legitimate to prevent that, but I do not think it is legitimate, that is, I do not think it measures up with the objectives of Congress, the administration, or even of the party, to prevent any agricultural commodity from reaching what a fair definition would be of parity. That was my intention.

Mr. WOLCOTT. I might say that I am very much interested in parity. I do not think we have accomplished it at the present time, and we do not seem to have been on the right track, and I do not want this to appear on the part of our committee as another sop to the farmers, indicating that they are going to get parity unless it definitely accomplishes its purpose.

As I understand it, your program is a loan program, and not a purchase program, and it seems to me unless you put something in here to tell you to change your operations to purchase instead of loan you do not accomplish the purpose. This is a most innocuous amendment, and you can use it or not, just as you please. We again demagog with the farmers by making it appear that we are going to do something for them when we have not done anything.

Mr. BROWN. How much of the fund have they used, for purchases?

The CHAIRMAN. A total of \$89,000,000.

Mr. ROBBINS. I should say that the amount used for purchases directly by the Commodity Credit Corporation has been less than \$80,000,000. Tobacco, Austrian peas, and hairy vetch are the only purchases made directly. Some other purchases have been made by the Commodity Credit Corporation, with the Surplus Marketing Administration acting as the purchasing agent, and those purchases have been made with a view to their delivery to the British.

Could I go off the record for a moment at this point, please?

The CHAIRMAN. I think there is no objection to that. The committee will decide, after you have made your statement, whether or not it should be in the record.

Mr. ROBBINS. Well, needs have existed on the part of British, not emergency needs, but needs for delivery of supplies to our ports, that could only be met adequately by the use of Commodity Credit Corporation funds. Some such purchases have been made by the S. M. A. for the Corporation and placed at the ports for delivery to the British. The reimbursement for those purchases will come from lend-lease funds, in case the British are not able to pay out of their own ordinary sources of dollar exchange. That was an important operation, but it could hardly have been begun or consummated under a proposed amendment of this kind.

The CHAIRMAN. What we are after, Dr. Robbins, right at that point is this: The committee is asking you the amount of funds available to the Commodity Credit Corporation which have been used or made available to other agencies of the Government for the purpose of making purchases. The details and all of that for the moment are not important, but the question now is about those amounts. How much of your funds have been employed indirectly? You told us the amount directly, and I think you said it was \$89,000,000. The question now is how much has been employed otherwise. That is the first question. Then we will get into the details.

Mr. ROBBINS. I was just coming to that, Mr. Chairman, to complete the answer to the two questions. The total amount of funds that have been allotted by the Commodity Credit Corporation for the purchase of supplies through the Surplus Marketing Administration have been, as I recall, an even \$90,000,000 to date.

Mr. SMITH. That is the total?

Mr. ROBBINS. No, sir; in addition to that other amount.

Mr. SMITH. In addition to it?

Mr. ROBBINS. Yes; the surplus from two tobacco crops has also been purchased, and options for repurchase given, but those purchases were not made through the S. M. A., and as I have explained, they are really in their economic sense, the equivalent of an ordinary loan.

The CHAIRMAN. Let me see if I understand you. What is the total amount that has been supplied in any and all ways by the Commodity Credit Corporation for the purchase of farm commodities? What is the total?

Mr. ROBBINS. About \$170,000,000.

The CHAIRMAN. About \$170,000,000?

Mr. ROBBINS. Yes, sir; of which \$80,000,000 was the economic equivalent of an ordinary nonrecourse loan because it was accompanied by repurchase options.

Mr. WILLIAMS. Right in that connection the thing I think we ought to understand is what is the difference between loan and these conditional sales contracts?

Mr. ROBBINS. If, as a producer, the Government were to offer to make me a nonrecourse loan of \$1 on a commodity which I could repay at any time within 1 or 2 years, and made an offer to buy that commodity from me for \$1 and give me the right to repurchase it at the same price for 1 or 2 years, I doubt that, as a producer, I could choose between the two offers. That is, they are the economic equivalent of one another.

Mr. WILLIAMS. In one case is there a mortgage given on the commodity?

Mr. ROBBINS. In the case of a loan, chattel mortgages are taken on corn, and warehouse receipts are accepted on most of the other commodities.

Mr. WILLIAMS. Well, some instrument, either a warehouse receipt or a mortgage is taken in the case of a loan as security?

Mr. ROBBINS. That is correct, sir.

Mr. WILLIAMS. What is done in the case of conditional sales?

Mr. ROBBINS. Title is taken, sir.

Mr. WILLIAMS. Do you mean that the title actually passes to the Commodity Credit Corporation?

Mr. ROBBINS. That is correct, sir.

Mr. WILLIAMS. With the condition that it may be repurchased under certain conditions by the seller?

Mr. ROBBINS. That is correct, sir.

Mr. WILLIAMS. Of course, it would be very difficult to determine that, in the first place whether title really passes or not. If it is a conditional sale I think most courts would hold that the title did not pass at all, that the title remained in the seller.

Mr. ROBBINS. That may be true. I would like to consult our legal counsel to be sure. It may also be true, on the other hand, that in the case of a loan in which the Government obtains a warehouse receipt, the warehouse receipt is really legal title to the commodity.

Mr. WILLIAMS. Of course, that is purely a technicality, but in effect those are all loans.

Mr. ROBBINS. I do not see why they could not be considered all loans, because they are all the same in their economic effect.

Mr. WILLIAMS. Now, I cannot understand why the Commodity Credit Corporation is making loans to some other corporation that does this purchasing. Where in fact is the authority for anything like that?

Mr. ROBBINS. The Commodity Credit Corporation has authority to make purchases, and, of course, its basic authority is to use its funds to relieve the distress that surplus supplies of agricultural products would cause if the surplus were left free on the market.

Mr. WILLIAMS. Right there now, you say the purchases are made through the S. M. A., or the Surplus Marketing Administration?

Mr. ROBBINS. That is correct, sir.

Mr. WILLIAMS. Why turn that function over to them if the funds of the Commodity Credit Corporation are used?

Mr. ROBBINS. For two reasons. The Surplus Marketing Administration makes most of the purchases of farm commodities for the Government in the course of their principal work of distributing surpluses for various relief purposes.

In the second place, the Surplus Marketing Administration, if we think it is advisable to buy up a surplus, has already established, available, and functioning an organization through which purchases can be made promptly and efficiently. It would seem undesirable from a departmental standpoint to have duplicate field purchasing organizations. So, in the interests of economy, obviously, the Commodity Credit Corporation should utilize such services as are already available to act in the capacity of an agent for the Corporation.

Mr. WILLIAMS. Those purchases are made outright; there are no strings attached to them at all. They go on the market and buy those commodities?

Mr. ROBBINS. That is correct, sir.

Mr. WILLIAMS. And they sell them or they give them away; they dispose of them.

Mr. ROBBINS. That is correct, sir, and in the case of the commodities in question they were primarily intended for delivery to the British.

Mr. WILLIAMS. The Commodity Credit Corporation has no voice in those transactions at all?

Mr. ROBBINS. Oh, yes; the Commodity Credit Corporation does have a voice in it. It supplies the funds, and acquires the title; and, of course, the docket under which the approval of the Secretary of Agriculture is obtained, contains the recommendation by the Commodity Credit Corporation, and the docket sets forth the principles and conditions that must be followed in making the purchases and in disposing of the products.

Mr. WILLIAMS. Well, of course, you furnish the funds. Now, your agency does not have anything at all to do with the purchasing or selling of those commodities?

Mr. ROBBINS. That is not true, Mr. Williams, because the Commodity Credit Corporation would not recommend an authorization by the Secretary of Agriculture for the use of funds in a way that it thought was inadvisable; and the Surplus Marketing Administration's authority to use the funds, once they have been allotted, is restricted by the conditions set forth by the Secretary and those conditions are recommended by, and are satisfactory to the Commodity Credit Corporation.

Mr. WILLIAMS. Does the Commodity Credit Corporation furnish only funds that are used by the S. M. A. in its operations?

Mr. ROBBINS. I am sorry; I did not understand your question, sir.

Mr. WILLIAMS. Does the Surplus Marketing Administration get all of its funds from the Commodity Credit Corporation?

Mr. ROBBINS. No, sir; only funds for the particular operations financed by the advances under discussion are obtained from the Commodity Credit Corporation.

Mr. WILLIAMS. Of course, that is just saying that it gets what it gets from the Commodity Credit Corporation. Does it have any other source of funds?

Mr. ROBBINS. Yes, indeed it has. The Surplus Marketing Administration, among other things, administers the provisions of section 32 of the A. A. A. for the removal of agricultural surpluses; and for the purposes of that section of law various appropriations have been made by the Congress.

Mr. WILLIAMS. All right, now, it gets funds by direct appropriation by Congress to carry on its work, is that right?

Mr. ROBBINS. Yes, for the purpose of buying surpluses to be distributed on relief, and for the purpose of distributing surpluses through the payment of export subsidies, yes, sir.

Mr. WILLIAMS. What else, now, does it do?

Mr. ROBBINS. Well, in this instance it acts as the agent of the Commodity Credit Corporation to execute the purchase and to make delivery of a commodity.

Mr. WILLIAMS. What does it make the purchases for?

Mr. ROBBINS. The desire was twofold, of course—

Mr. WILLIAMS. Here is what I am getting at: What is the difference between the function that it performs with the funds which it receives

from the Commodity Credit Corporation and the function which it performs with the appropriated funds that it gets by direct appropriation from Congress?

Mr. ROBBINS. The function performed by the Surplus Marketing Administration, as I understand it, with the direct appropriations it receives from the Congress, are confined largely to expenditures for the stamp plan, for direct relief purchases, for school lunches, and for export subsidies.

The function performed by the Surplus Marketing Administration with respect to the fund of \$90,000,000, which was allotted by the ~~by the~~ Commodity Credit Corporation, was to act as buying agent, and to make delivery of certain products with a twofold objective, namely, to relieve the surplus condition of the crops concerned in the United States, and to enable deliveries of those surpluses to be made to ports for shipment to Great Britain.

Mr. WILLIAMS. And they used Commodity Credit Corporation funds for that purpose?

Mr. ROBBINS. I did not hear you, sir.

Mr. WILLIAMS. It uses Commodity Credit Corporation funds for that purpose?

Mr. ROBBINS. I could not say whether the Surplus Marketing Administration used only Commodity Credit Corporation funds for that purpose. The Commodity Credit Corporation merely employed the Surplus Marketing Administration to perform a function in connection with that operation.

Mr. WILLIAMS. Then you do consider that it is simply an agent of your corporation?

Mr. ROBBINS. Yes, sir; but I should like to refer that as a technical legal question to our legal adviser, Mr. Shields, who is here. He could probably tell us exactly the legal status of it.

Mr. FORD. Before that question is answered, may I interject to ask one question: Did you not say the other day, Mr. Robbins, that there were times when the Surplus Marketing Agency, between appropriations, was short of funds, and you loaned them money to make that up, and they paid it back as soon as the new appropriation was available?

Mr. ROBBINS. What you say is correct, Mr. Ford, except that it applied to the Agricultural Adjustment Administration. You, I believe, have reference to the seasonal advance or the little revolving fund, which places the Agricultural Adjustment Administration in a position to pay promptly the expenses incurred by the county agricultural conservation committees, and to purchase fertilizer and make the payments-in-kind.

Mr. BROWN. The \$90,000,000 has been on tobacco, is that right?

Mr. ROBBINS. No, sir, the S. M. A. did not handle the purchase of tobacco.

Mr. WILLIAMS. I do not, as one member of this committee, see the propriety or the necessity of these funds being transferred from one governmental corporation to another for the purpose of making these purchases, and I think the Commodity Credit Corporation ought to stick to its own program and spend its money for the purposes for which I, at least, thought it was being spent, that is, to make loans on these farm commodities. I confess this is the first time I knew that was going on. That is only my opinion of it.

Mr. ROBBINS. The Commodity Credit Corporation did not transfer funds to another agency in the sense that it lost control of the funds. As a matter of fact, the circumstance merely is that the Commodity Credit Corporation made purchases through the S. M. A. as its agent.

The CHAIRMAN. Mr. Williams asked one question that you did not answer specifically, and that you did not discuss, that should be made clear, and that is as to the authority conferred by law under which you advance funds to any other agency of the Government.

Mr. ROBBINS. I believe the answer is twofold. The advances made to the Agricultural Adjustment Administration are of a seasonal nature and are for the revolving fund purposes that have been explained, and they are made under the express authority of law which directs that such loans be made.

The funds that have been utilized for purchases by the Corporation, through the agency of the Surplus Marketing Administration, I do not believe have been advances in the sense that they have been loaned or given to the Surplus Marketing Administration.

Mr. WILLIAMS. When these commodities are purchased who takes charge of them, who has title to them, and who sells them?

Mr. ROBBINS. The situation is, and I should like to ask Mr. Shields to comment on the technical accuracy of this, that title is definitely vested in the Commodity Credit Corporation.

Mr. WILLIAMS. Why does not the Commodity Credit Corporation do that work itself?

Mr. ROBBINS. Simply because the Commodity Credit Corporation does not have an established personnel in the field to make purchases of that kind, and the most efficient way to handle it is to employ the services of another bureau of the Department which ordinarily does such work.

Mr. WILLIAMS. Why would it not be an efficient method for each one of those corporations and agencies to stand on its own feet and get its appropriation or authority from Congress rather than through some other established agency of the Government?

Mr. ROBBINS. I do not think that there has been any violation of that general desire that you voice, Mr. Williams, in that respect.

Mr. WILLIAMS. Where do you get the specific authority for that? You said there was legislation for it.

Mr. ROBBINS. To make purchases?

Mr. WILLIAMS. No; I do not mean that, but to transfer these funds. You say that is not done. What about the funds you have been calling a transfer to the Agricultural Adjustment Administration?

Mr. ROBBINS. That has been a loan.

Mr. WILLIAMS. A loan?

Mr. ROBBINS. Yes, sir.

Mr. WILLIAMS. Now, where is the authority for that, and that is what we are talking about at the moment?

Mr. ROBBINS. I will ask Mr. Shields to quote the law for you, sir.

Mr. SHIELDS. We agree with you that the Commodity Credit Corporation has no authority to transfer its funds to other bureaus of the Department, except when so directed by the Congress, and the Corporation has not transferred funds except when directed by the Congress.

In the case of the A. A. A. advances of loans, which you have referred to, the Congress amended the A. A. A. Act of 1938 last year, and

specifically directed the Commodity Credit Corporation to loan not in excess of \$50,000,000 a year to the Agricultural Adjustment Administration as a revolving fund, which is annually also paid back from the A. A. A. appropriation.

Mr. WILLIAMS. Where is that legislation; can you cite it to us?

Mr. SHIELDS. It is the amendment to section 391 of the Agricultural Adjustment Act of 1938. I do not have it with me.

The CHAIRMAN. All of that was made clear at our last hearing, but Mr. Williams is asking you about authority beyond the \$50,000,000. You see, the facts here show that you have been employing \$170,000,000, and he is asking you where you get authority in law beyond this \$50,000,000, which is specifically authorized by Congress.

Mr. SHIELDS. In the case of purchases made by S. M. A., S. M. A. acts as the agent for the Commodity Credit Corporation, and the money, technically, is not transferred to them at all. It is the Commodity Credit Corporation making purchases in its own behalf for the Commodity Credit Corporation program. It is just as if the president of a corporation directed one section of a corporation to do the buying.

The Corporation directs S. M. A. to do the buying for the reason that S. M. A. is maintaining machinery to do purchasing. It acts as the purchasing agency for the Commodity Credit Corporation, and at the direction of the Commodity Credit Corporation, and the money is not transferred to S. M. A.

The CHAIRMAN. If I understand the facts, funds of \$170,000,000 have been advanced and are divided about equally between the Surplus Marketing Administration, and the A. A. A., is that right?

Mr. SHIELDS. No, sir; the \$50,000,000, I believe, is the maximum amount that has been loaned to A. A. A.

The CHAIRMAN. If that is true, then it means that the Surplus Marketing Administration has been advanced \$120,000,000.

Mr. ROBBINS. There is a confusion in the figures, Mr. Chairman, three of which are involved. The \$50,000,000 is the maximum advance that may be made to the A. A. A. The \$80,000,000 of Commodity Credit Corporation funds was used by the Commodity Credit Corporation to purchase tobacco, to which it took title; and an additional \$90,000,000 of Commodity Credit Corporation funds was allotted for the purchase of other products, with the Surplus Marketing Administration acting merely as the agent of the Commodity Credit Corporation.

The CHAIRMAN. Then you have used \$50,000,000, plus \$80,000,000, and \$90,000,000, which makes more than \$170,000,000.

Mr. ROBBINS. Except that the triple A is not asking for the full \$50,000,000. The \$50,000,000 referred to there is not the amount of actual advances made to the triple A, but it is the maximum amount authorized by law.

Mr. WILLIAMS. I want to ask the question why it is—let me see if I understand this situation, these figures and the three elements involved. The Commodity Credit Corporation itself has engaged in a tobacco deal and directly made these purchases and conditional sales or loans to the extent of \$90,000,000.

Mr. ROBBINS. As a matter of fact, in the case of tobacco, Mr. Williams, the Corporation had to employ the services of purchasing

agents, but the purchasing agents in those cases were the ordinary buyers of export flue-cured tobacco, and not the Surplus Marketing Administration.

Mr. WILLIAMS. Well, the Commodity Credit Corporation bought it with its funds.

Mr. SHIELDS. Yes, sir; that is right.

Mr. ROBBINS. That is correct, sir.

Mr. WILLIAMS. To the extent of \$90,000,000, is that right?

Mr. ROBBINS. That is the total amount allotted in the form of an authorization to purchase.

Mr. WILLIAMS. Well, let us stick to this, this one thing.

Mr. ROBBINS. Yes, sir.

Mr. WILLIAMS. Now, the Commodity Credit Corporation has authorized, as you say, as its agent, the Surplus Marketing Administration to purchase \$80,000,000 worth of commodities?

Mr. ROBBINS. No, sir; \$90,000,000 in commodities.

Mr. WILLIAMS. This other figure was \$80,000,000, was it not, instead of \$90,000,000?

Mr. ROBBINS. Yes, sir.

Mr. WILLIAMS. The tobacco deal was \$80,000,000?

Mr. ROBBINS. That is correct, sir.

Mr. WILLIAMS. All right, this is \$90,000,000?

Mr. ROBBINS. That is correct, sir.

Mr. WILLIAMS. Now, in addition to that there is \$50,000,000 authorized to be paid to the Agricultural Adjustment Administration?

Mr. ROBBINS. That is also correct, sir.

Mr. WILLIAMS. Now, there are three things. Two of them have been fairly well explained to me, but I do not yet see what you have done with the \$90,000,000 S. M. A. has handled for you, and what is the purpose of it?

Mr. ROBBINS. Fortunately Mr. Milo Perkins, Administrator of the Surplus Marketing Administration, is here, and with your permission I would like to have him answer that question.

Mr. WILLIAMS. Who directed the operation in the first place? Did you or your corporation initiate the rule of going out on the market and buying these surplus grain products, or did it come from the Surplus Marketing Administration?

Mr. ROBBINS. The direction to the Commodity Credit Corporation to take the action was in the form of an approved order by the Secretary of Agriculture that was based on a recommendation which was made to the Secretary of Agriculture jointly by the Commodity Credit Corporation and the Surplus Marketing Administration.

Mr. WILLIAMS. You both initiated it, and the Secretary made the order?

Mr. ROBBINS. Yes, sir; he approved the recommendation and directed that it be carried out.

Mr. SHIELDS. Mr. Congressman, I should like to make it clear that the Commodity Credit Corporation does not have the authority in our opinion to transfer its funds from one agency to another, and it has not done that.

In the case of the \$90,000,000 the Commodity Credit Corporation has purchased these agricultural commodities for itself, just as it has purchased \$80,000,000 worth of tobacco, except in one case it used regular tobacco buyers for the purchase of the tobacco, and in the

other case it used the Surplus Marketing Administration as its agent to buy the other products. It did that because the S. M. A. has a purchasing force set up for its own program, which the Commodity Credit Corporation does not have.

Mr. WILLIAMS. What did you do with those products; what did you purchase in the first place, and what was the line of commodities purchased?

Mr. ROBBINS. I would like to refer that question to Mr. Perkins, who can give you full and up-to-date information on it.

Mr. PERKINS. I think, Mr. Chairman, if I may go back for just one second, it may help to clarify this question.

When the lend-lease bill was passed, the President authorized the Surplus Marketing Administration to buy up farm products for Britain under the lend-lease bill. At that time, the Department of Agriculture as a whole was very much concerned about getting the maximum income effect for the farmers, as a result of the lend-lease purchases. That was our primary objective. We wanted to use the extra buying power of the lend-lease money for farm products, so that it would be reflected in as good a level of income for farmers as was possible.

As to the commodity purchases for the British, there were a great many indefinite factors in their situation, such as bombing raids, the sinkings of ships, refrigeration, and all of the rest of it.

The British were unable to give us specific orders for immediate shipment, by which we could use the lend-lease fund to get the best effect economically for the farmers, and also secure the tremendously large quantities of produce which we knew would be needed in order to meet future requirements that the British might have a few months hence. We knew about what they wanted, but they were unable to give us specific orders to meet specific boats all at once.

Therefore, acting as agent for the Commodity Credit Corporation, with the idea of getting farm income up, we bought a long list of commodities, which I will be glad to give to the committee. Those commodities were purchased by us, acting as agent for the Commodity Credit Corporation. They are switched over to the British just as rapidly as they have boats available to take delivery.

In the case of eggs, for instance, if we had waited before buying until we knew specifically that a boat was going to be at a given port on a given date so that we could ship those eggs, the egg market would have been 4 or 5 cents a dozen lower than it has been during the present in-storage season. We have known that the British were going to take so many eggs over a period of months, and we have bought them for account of the Commodity Credit Corporation. These purchases of 600,000 or 700,000 cases of eggs have resulted in getting a price of 6 or 7 cents a dozen over last year for the farmers for these eggs. The farmers, rather than speculators, have benefited.

Then, as the British tell us there is a boat on which they can take these eggs, we shift the eggs over, and the British take them. Then we take lend-lease money and reimburse the Commodity Credit Corporation, so that this \$90,000,000 purchasing program that we are carrying on for them is only a matter of convenience in being able to move rapidly until the British can state just what they want. By operating in this fashion, we have increased farm income by several hundred million dollars on pork, dairy, and poultry products.

I do not know whether that clears it up or not.

Mr. WILLIAMS. It makes it a little worse to my mind.

Mr. PERKINS. All right.

Mr. WILLIAMS. Because you say, as I understand you, that you were operating under this lend-lease bill. Why did you take Commodity Credit Corporation funds for those purchases?

Mr. PERKINS. We took those funds primarily because if we took solely lend-lease funds with which to buy products for which the British could take immediate shipment, we would not have been able to get the benefit of that purchasing power back to the farmers by way of improved prices.

For example, there are many things we have had to buy. This is the peak season on eggs. The eggs which the British are taking are in some cases dried eggs, some of them are eggs in the shell, and some of them are frozen eggs. If we had been forced to wait until we got specific orders from the British on eggs, we would not have been able to get improved income for farmers, or give them the advantage of that greater demand. We want to give the farmers the benefit of the purchasing power which we know exists, but, because of the shipping situation, we do not know now just when those eggs can be shipped.

Mr. WILLIAMS. What has all that to do with where you get the funds?

Mr. PERKINS. It has this to do with it, that we cannot get our hands on lend-lease money until we have a specific requisition for so many cases of eggs to be shipped from a certain port at a certain time. Only under those conditions can we get lend-lease money from the Treasury; so that had we waited for that specific hour and for the arrival of those specific ships we would have had to pay an increased price for those eggs, which increase in price would not have benefited the farmers, but would have benefited the speculators.

Mr. WILLIAMS. That has just been the program since the lend-lease bill was enacted?

Mr. PERKINS. Yes, sir; certainly. That is the thing I am trying to describe about the lend-lease money, and it will not continue to the same extent as the lend-lease program goes on and the British know more regularly what they want. While hundreds of thousands of cases of eggs have recently been going into storage it is certain that eventually they are going to take them. We felt the thing to do by way of aiding farm income was to buy the eggs when they otherwise would have been very cheap, and thus give the farmers the benefit of British purchases. We did not want the speculators to get the benefit of it. We wanted the farmers to get it.

Inasmuch as we could not get hold of lend-lease money in time, we simply bought for the account of the Commodity Credit Corporation. The Commodity Credit Corporation was playing a cinch in this connection, because if anything had gone wrong with the British purchases we still would have had an outlet for the eggs through our school lunch program, for example, and through other channels.

All we did was to act as the purchasing agent for the Commodity Credit Corporation and act promptly. We had to do that during the early period when lend-lease money was not available to get it started.

Mr. WILLIAMS. It is simply an advance by the Commodity Credit Corporation against lend-lease funds?

Mr. PERKINS. It is not that technically, sir. Technically we simply bought certain agricultural products as the agent for the Com-

modity Credit Corporation, with their funds for their account. It was common business sense; we knew when we were buying what we were going to do with the products, but because we could not get an answer from the British in specific terms because of their shipping situation, and yet knew full well that they were going to need far more eggs in the next 6 months than we were buying for the Commodity Credit Corporation, we thought we were thoroughly warranted in buying them. Doing this, we were able to get this 6 or 7 cent premium which eggs brought this year as compared with the price last year, and could give that profit to the farmers rather than to the speculators.

Mr. BROWN. Suppose you had wanted to obtain funds from the Commodity Credit Corporation, could you have done that, Mr. Perkins?

Mr. PERKINS. Could we have obtained funds from the Commodity Credit Corporation?

Mr. BROWN. Yes.

Mr. PERKINS. Legally their funds are available for purchases or loans. Actually that \$90,000,000, which we used for this purpose, was simply reflecting the benefit of British buying back to the American farmer at planting time.

Mr. BROWN. I want to know if they limited their loans to you.

Mr. PERKINS. It is not a loan. It is buying for their account. Their funds were such that \$90,000,000 was all they had available at that time for this purpose.

Mr. BROWN. Are they limited in their credit to you, Mr. Perkins?

Mr. PERKINS. No, it is not a credit to us. The Commodity Credit Corporation is buying these eggs, and we are simply acting as their agent for all practical purposes. After all, we are all in one department, the Department of Agriculture, and it is as though we were a section of the Commodity Credit Corporation.

Mr. BROWN. I think you have done a good job, and I just wanted to ask you about it.

Mr. PERKINS. We are engaged in a program of buying some 40 or 50 different commodities. In the first place, the Commodity Credit Corporation is going to be reimbursed for every dime we spend on its account. We have made tens of millions of dollars for American agriculture by virtue of this program.

Mr. WILLIAMS. Was it your agency that fixed this price of pork and eggs?

Mr. PERKINS. The Secretary of Agriculture——

Mr. WILLIAMS. It was fixed by his order?

Mr. PERKINS. I would like to say very flatly, Mr. Williams, that it was not fixed.

Mr. WILLIAMS. What was done?

Mr. PERKINS. I think Mr. Leon Henderson's letter to Mr. Cannon clears this point; the Department indicated it would be willing to support a price.

Mr. WILLIAMS. The effect of it is an authorized price?

Mr. PERKINS. That is right a supported price, not a pegged price. In other words, the farmers wanted an assurance that if they increased production the prices on their commodities would not go down.

Mr. WILLIAMS. I mean whether or not that order was at the direction of your administration?

Mr. PERKINS. No. That order was arrived at by the Secretary of Agriculture, not only in consultation with his own bureaus, but in consultation with other departments of the Government.

Mr. WILLIAMS. There is one other thing. Let us have this cleared up: Were any funds of the Commodity Credit Corporation ever used by the Surplus Marketing Administration as its agent, I will put it, to purchase these farm commodities until the program under the lend-lease bill was begun?

Mr. PERKINS. No, sir; it happened at the time the lend-lease bill passed.

Mr. WILLIAMS. And as a result of that?

Mr. PERKINS. That is right, practically.

Mr. WILLIAMS. That operation had not been engaged in until the lend-lease bill was passed?

Mr. PERKINS. That is right. It came at the time the lend-lease bill passed. You see, Mr. Williams, we had been having conversations with the British and knew roughly how many eggs, and how much pork, and how much cheese, and so forth, they were going to need. We also knew that after the bill became law it might be 45 days before we would be able to get any money under the lend-lease bill in order to acquire these commodities.

Mr. WILLIAMS. And your activities in that respect were directed toward carrying out the purposes of the lend-lease bill only?

Mr. PERKINS. No, not only toward carrying out the purposes of the lend-lease bill. Inasmuch as the Commodity Credit Corporation had these funds, and since we knew there was going to be this market, we felt warranted in making these purchases.

Mr. WILLIAMS. What else was it, outside of the lend-lease bill? Do you mean to say you are going out on a general program of buying and selling with the Commodity Credit Corporation funds?

Mr. PERKINS. No.

Mr. WILLIAMS. Was it only for the purpose of carrying out the provisions of the lend-lease bill?

Mr. PERKINS. It was not solely for the purpose of carrying out the provisions of the lend-lease bill, but since the lend-lease bill was law, and since we knew there was going to be this new market, we felt warranted in doing this thing as the agent of the Commodity Credit Corporation. The answer to the question is "Yes, to an extent," but we are not only carrying out the purposes of the lend-lease bill. The Commodity Credit Corporation money is being used to raise farm income.

Mr. WILLIAMS. Independent of the lend-lease bill could not that be done if you wanted to do it?

Mr. PERKINS. I suppose it could be done independent of the lend-lease bill, but as an administrative matter, we would not have recommended it because there would have been no funds with which to get rid of these perishable commodities.

Mr. WILLIAMS. You just said you could get rid of them under the stamp plan and through various other agencies.

Mr. PERKINS. Yes; but there would be a limitation of the funds involved there. Ignoring the passage of the lend-lease bill, we had only some two hundred million dollars for purchase of farm products for use in our domestic distribution outlets. In doing this new job, the Commodity Credit Corporation and ourselves saw an opportunity

to get an increase in income for the American farmers because of extra British buying.

Mr. WILLIAMS. Where did you get the \$200,000,000?

Mr. PERKINS. We got it through appropriations; 30 percent of customs receipts were for the Surplus Marketing Administration. This runs about \$100,000,000, and the Congress added to that, for the current fiscal year, \$135,000,000; so our total funds available this year for our programs amount to about \$235,000,000.

The CHAIRMAN. Mr. Crawford.

Mr. CRAWFORD. I had several questions to ask, Mr. Chairman, but at this time I want to know if these gentlemen will be here tomorrow, because I have to leave at 12 o'clock.

Mr. ROBBINS. We would be pleased to come back in the morning if it is desired.

Mr. KUNKEL. As a matter of fact, this program did carry out the spirit and intention of the Lend-Lease Act, irrespective of the legal aspects of the program?

Mr. SHIELDS. The spirit and intent of the lend-lease bill was to supply farm products to Britain. I do not think you can say the spirit of the lend-lease bill was to increase the farm income at all.

Mr. KUNKEL. Yes; but you did supply farm products to Britain, in addition to increasing the farm income.

Mr. PERKINS. To a very marked extent.

Mr. FORD. Did you not take advantage of the opportunity that the lend-lease bill presented to increase the farm income in excess of whatever the amount was at that time?

Mr. PERKINS. That is exactly what we did.

Mr. HULL. Did you increase the farm income of dairy men by fixing the price of butterfat at 31 cents, when the market was from 33 to 35 cents?

Mr. PERKINS. We did not fix the price at 31 cents. As a matter of fact we have bought some 20,000,000 pounds of cheese recently, and 1,500,000 cases of evaporated milk, during a time when the butter market has been all the way from 33 to 36 cents. We were faced with the problem of asking the farmers to increase their production in certain fields, and the question was raised, "If I do produce more milk or more eggs, where am I going to come out on the price of that milk and those eggs that I produce?"

We felt it was impossible to ask farmers for increased production without giving them assurances as to minimum market prices.

Mr. HULL. You will be in the market for about 1,800,000 cases of milk and 250,000,000 pounds of cheese. Is it not a part of your program that if Britain does not require all of this stuff you are going to have in storage and off the market, if the price gets too high, in your opinion, for the consumers, then according to Mr. Henderson you propose to drop it on the market and cut down the price of those products instead of increasing the price?

Mr. PERKINS. There are five things that we can do with whatever we buy. First, we can turn it over to Britain. Second, we could turn it over to the Red Cross. Third, it could be used in school lunches. Fourth, it could be used in direct distribution. Fifth, it could be resold on the domestic market. We have done it for 2 years on butter. We have bought butter in the flush season in order to maintain the income of farmers at the flush season; and then, in

the winter, at the suggestion of the dairy people themselves, that butter has been released in order to affect the long-range price.

Mr. HULL. And as soon as you stopped unloading that butter on the market, butter went up to 33 to 35 cents a pound.

Mr. PERKINS. No; I do not think that had anything to do with the increased price.

Mr. HULL. But the fact is that it did go up after you stopped unloading that butter on the market.

Mr. PERKINS. That was bought through the Dairy Products Marketing Association.

Mr. HULL. I understand this year you had 114,000,000 pounds when you started—

Mr. PERKINS (interposing). That was 2 years ago.

Mr. HULL. And last year you only bought 66,000 pounds of butter all told.

Mr. PERKINS. We bought 115,000,000 pounds of butter 2 years ago, but it was not resold on the retail market. It is more recently that we have followed the policy of buying butter in the flush summer season and selling it in the winter. One hundred and fourteen million pounds was bought and distributed 2 years ago through relief channels. Industrial income now is rising faster than dairy production, which is chiefly responsible for better butter prices.

Mr. HULL. Why do you not let the market price rise accordingly and let the farmer get parity, instead of putting prices down so low?

Mr. PERKINS. The price of butterfat today is about parity.

Mr. HULL. That is according to the way you figure it. You have milk at \$1.08 per hundred pounds in Wisconsin, and there is no State in the Union that can produce milk at \$1.08 a hundred.

Mr. PERKINS. Whenever you want to give the farmers assurance that the price is not going below a certain minimum, that immediately runs into the problem of whether or not you can deliver. In other words, we have been buying eggs at 6 or 7 cents a dozen above the 1940 price, but it is quite a different thing over a given period to guarantee a farmer's commodity will not go below a higher level.

Mr. GORE. Right there you have stated one purpose as being the only purpose of this program. I have here a copy of a release from the Department of Agriculture announcing this program. I find this sentence in Mr. Leon Henderson's statement, "We will not hesitate to ask liquidation of supplies to maintain price stability." Then I find in the Department's statement, the statement of the Secretary, this excerpt: "These supplies can be used," and he lists certain purposes, "one of them is for release upon the market." Now, that is a purpose you did not state.

Mr. PERKINS. I indicated it could be resold, working exactly along the lines on which butter has been resold. I can conceive of a situation in which we might buy evaporated milk, and the consumption of evaporated milk might rise faster than we thought it would. Or, we might run into a season of poor pastures which would cut the production of milk, and in order to prevent the price of evaporated milk from going crazy, which is conceivable, the sensible thing to do would be to release reserves at a price which was a good price, thus maintaining the stability of supply, and hence the farm income. We have done that on butter.

Mr. GORE. To prevent it from going crazy I would agree you should have the authority and you should do it, but my amendment would

only provide that it not be used to prevent that price from reaching parity, and you announced a price on butter below parity, and, as a matter of fact, it was selling on that day at a price above parity.

Mr. PERKINS. The price you have spoken of does not represent parity. The lower the price, however, the less the Government may have to buy in terms of its long-term fiscal obligations.

Mr. GORE. If you fixed it at that, I just wondered why it could not be maintained?

Mr. PERKINS. The higher the price the more money it takes to maintain it. You see, we were in a rather difficult position. We naturally wanted to give the farmers all the income they could get.

The CHAIRMAN. If I understand the situation, we are going a little bit afield. The purpose of this amendment does not require you to support parity. The purpose of the amendment is to see that you do not do anything to tear down parity.

Mr. SPENCE. It is your uniform policy to lend on conditional sales; are all of your loans made on conditional sales?

Mr. ROBBINS. No, sir; but the notes are nonrecourse, and that simply means, as you know, in the event the loan is not paid the Government cannot proceed against the borrower for a deficiency judgment.

Mr. SPENCE. But title vests in you without further proceedings if the loan is not paid?

Mr. SHIELDS. It does not without any further proceedings.

Mr. SPENCE. Are the loans conditional sales?

Mr. SHIELDS. In straight loans we get a mortgage, and the mortgage is subject to foreclosing, and the commodity is taken over.

Mr. WOLCOTT. This is not a mandate to establish parity.

Mr. PERKINS. The amendment, as I read it, does say that no funds shall be used for the purchase of farm products below parity.

Mr. WOLCOTT. As I understand the purpose of this amendment, it is to establish parities. Now, it seems to me that this amendment merely protects the A. A. A. program to prevent you from doing anything to nullify the law, or the bill which will be enacted and become a law, as soon as the President signs it, at least nullifying that act.

Mr. PERKINS. I would very much want the opportunity, whenever it suits the chairman, to talk about the problems and difficulties that we would get into in mandatory legislation to buy at parity.

Mr. WOLCOTT. That is what I was going into later on. If it is determined that it is for that purpose, we would have to have some more information about it. We have developed here that the primary program of the Commodity Credit Corporation is not one of purchase, but is one of loan. So, the word "purchase" in here does not apply to that primary program, but it prevents them from going out and purchasing these commodities to nullify any other act of Congress which is designed to establish parity or any semblance of parity. That is as I see the amendment now. If that is the object, I do not see any objection.

Mr. PERKINS. If this were to become a law now, and considering the way we are operating with Commodity Credit Corporation funds, and making allowance for an 85 percent loan on wheat, buying flour for the British at 100 percent of parity would not make sense. That would be one peculiarity of it.

Mr. WOLCOTT. You have said that the use of this \$90,000,000 was merely temporary and as soon as that slack is taken up you will be using lend-lease money for that purpose anyway.

Mr. PERKINS. Yes; but it would cost the farmers of the country tens of millions of dollars if we did not have the flexibility of being able to use it at this time. For instance, on pork products today, we are buying pork products but it may be 3 or 4 months before we can get the shipping in which it will be possible to deliver them. In acting as agent for the Commodity Credit Corporation to acquire pork products, if this became law, we would be faced with one of two alternatives: either not buying those products, in which case hogs would go down; or just jumping in on the market at a price 10 or 15 percent above the present price for no reason at all. It would not support farm income; it would unjustly enrich the packers. We would probably not buy at all under these conditions.

Then the effect of that would be that we would not be supporting farm prices. If we came in later with a British order, prices might be way up, but the farmers would not have gotten the benefit of it. Neither the British nor our farmers would be helped.

Mr. WOLCOTT. Let us try to direct this to the question involved, and summarize it as much as we can. The amendment does not or could not be used to establish parity prices unless you changed your course of procedure from that of a loan program to a purchase program; is that right?

Mr. ROBBINS. It would prevent the purchase of tobacco at 85 percent of parity.

Mr. WOLCOTT. You would have to pay parity?

Mr. ROBBINS. Yes, sir; or make a loan for less.

Mr. PERKINS. It would prevent our using, as agent for the Commodity Credit Corporation, any of this money for buying any of these farm products at less than parity, and many of these products are processed, such things as pork products, canned tomatoes, cheese, evaporated milk, and so forth.

Mr. WOLCOTT. If the Commodity Credit Corporation is changing its basic operation from that of lending to that of purchasing, I think before this passes that we should determine that. If the major operation from now on is to operate as a procurement agent for the British Government, then this might be operative, and might be most effective, and I should think it might be remunerative to the farmers, and we should give consideration to that, but if the purchasing program is purely incidental to your major program, then we should know that, because I do not see how we can very well pass upon this amendment, unless we do know whether your major program is going to be that of purchasing supplies for the British Government.

Mr. PERKINS. I think that is incidental to the Commodity Credit Corporation as a whole. Here is a corporation with \$2,500,000,000 and only \$90,000,000 has been used to achieve the results that I have described. On the other hand, the use of that \$90,000,000 is pretty critical in terms of trying to run the best possible show. Otherwise we would be running a program in which there would be no way to get the full benefits of British buying back to the farmers. We are trying not only to get food to Britain, but we are also trying to buy it in such a way as to get the maximum amount of farm income from the amount of money we have to spend.

Under this proposed language we could not do it. I have heard that some of our friends feel that the requirement that we buy all farm products at parity should be extended to S. M. A. on our regular programs. If there is any likelihood of its going through, I am in a sort of ironical position as an employee of the Department of Agriculture in saying that I do not believe in it. With every bit of incisiveness at my command, however, I want to crack that just as hard as I can crack it. If we were compelled to pay parity on all of the 40 or 50 crops we buy, other than the 5 basic crops, I think it would hurt agriculture very much.

If it is to be considered, and it has been mentioned off and on for the last 8 years having come up frequently in our agricultural hearings—if such action is contemplated, I would like to take 15 minutes to indicate in an operating sense what very bad legislation, in my judgment, it would be.

Mr. WOLCOTT. If it were applied to products under the A. A. A. act, such as cotton, corn, wheat, and rice, then this would necessitate your paying parity on all products which S. M. A. might be acquiring for any of your purposes, and if it were followed by other legislation, as you suggest it might be, to establish parity on all of the other crops, have you in mind any estimate now as to how much you might need for that purpose?

Mr. PERKINS. I have asked our own people to guess at it. It is really unworkable from an economic point of view, but probably from \$1,000,000,000 to \$1,500,000,000. Better than half of farm income comes from other sources than the five basic crops.

Mr. WOLCOTT. How much?

Mr. PERKINS. From a billion dollars to 1,500,000,000.

Considering the application of parity on a thing like grapefruit, for instance, we find that grapefruit today are only 31 percent of parity in Texas. As a matter of fact, if you tried to get parity for grapefruit people would quit eating a lot of them. You could not hurt the farmers who grow grapefruit worse than by trebling the price, because people would not eat it. The parity concept as applied to some farm products does not make sense. I do not think it would be in the interest of the farmers to double the price of prunes or peanuts, for example, or to treble the prices of grapefruit or double the price of oranges.

Here is the reason I hesitate to make an estimate as to how much it would cost. If you attempted to bring about this increase in price, I do not know how much the consumer purchases would decline, but your quantity of the surplus of these things would go way up, and people might just quit buying a good many products at too much of an increase in price.

Mr. KUNKEL. Will you put that list in the record?

Mr. PERKINS. I will put in the record a list of some 20 or 30 commodities, many of which are now only 30 or 35 percent of parity.

(The list referred to is as follows:)

1940-41 farm prices compared with purchasing power parity prices for various agricultural commodities

Commodity	Unit	Base period	Parity price		Actual price		Actual price in percent of parity	Percentage estimate 1909-14 basis
			Date	Price	Date	Price ¹		
California oranges	Box	1919-29	1940-41	\$2.06	April 1941	\$0.97	Percent 47	62
Florida oranges	Box	do	do	1.73	do	1.00	58	51
Texas grapefruit	Box	do	do	1.15	do	.40	35	19
California lemons	Box	1925-29	do	1.69	do	.40	31	(2)
California Bartlett pears	Box	1919-29	do	1.69	do	.45	45	34
California Winter pears (except Hardy)	Box	1920-28	do	1.11	1940 season	.53	48	(2)
California plums	Crate	do	1940-41	1.34	1940-41	.22	16	(2)
U. S. apples	Bushel	1910-14	do	1.23	1940 season	.47	75	(2)
Northwest apples	Bushel	1919-28	do	1.33	April 1941	1.06	86	86
Walnuts	Pound	do	do	1.634	do	1.15	86	67
Raisins	Ton	do	do	85.0000	1940-41 season	.1106	68	71
California dried prunes	Ton	do	do	95.00	do	55.0000	66	39
U. S. onions	Hundredweight	do	do	1.56	do	1.35	87	(2)
U. S. cabbage (for market)	Ton	do	1940	15.14	1940 season	11.99	79	(2)
U. S. tomatoes (for market)	Bushel	do	do	1.49	do	1.24	83	(2)
U. S. fresh peas (for market)	Bushel	do	do	1.53	do	1.06	69	(2)
U. S. dry edible beans	Hundredweight	1919-29	1940-41	4.45	April 1941	3.68	83	85
Seedling pecans	Pound	1922-28	do	.123	1940-41 season	.068	55	(2)
Improved pecans	Pound	do	do	.304	do	.130	43	(2)
U. S. peaches	Bushel	1910-14	do	1.29	1940 season	.77	60	60
U. S. pears	Bushel	1919-28	1940-41	1.01	1940-41 season	.67	66	50
Apricots (California-Washington)	Ton	1909-14	do	46.80	do	52.40	112	(2)
Peanuts	Pound	do	April 1941	.062	April 1941	.0362	58	58
Potatoes	Dozen	do	do	.888	do	.576	65	65
Eggs ³	Dozen	do	do	.217	do	.197	91	107
Chickens	Pound	do	do	.147	do	.157	107	107
Butterfat ⁴	Pound	do	do	.34	do	.326	96	94
Milk equivalent ⁴	Hundredweight	do	do	1.69	do	1.50	94	94
Hogs	Hundredweight	do	do	9.31	do	8.01	86	86
Beef cattle	Hundredweight	do	do	6.72	do	8.60	128	128
Veal calves	Hundredweight	do	do	8.71	do	9.84	113	113
Lambs	Hundredweight	do	do	7.57	do	9.09	120	120

¹ These prices are as of about Apr. 15, 1941, or for the 1940-41 marketing season to that date. Except for apples, U. S. peaches, U. S. pears, and apricots, all fresh fruit prices are calculated on-tree prices.

² Data for satisfactory estimates are not available. Production of some crops in 1909-14 was so small, however, that if parity prices were now established arbitrarily, there would be a sharp curtailment in consumption.

³ Adjusted for seasonal variation.

⁴ Weighted average price of milk, wholesale, and milk equivalent price of butter and butterfat.

Mr. WOLCOTT. Have you any solution you might suggest as to what we can do to bring the farm income up and to accomplish the purpose sought without burdening the Government to a point where it might destroy our economy?

Mr. PERKINS. As a matter of fact, with the money now available that goes into our regular appropriation, plus the rising industrial purchasing power, which has a great deal to do with it, plus the purchases for Britain, there is no question but what farm income is going up materially, and in many cases it is pretty easy to get it up.

Mr. WOLCOTT. It is going up, but everything is going up, and agricultural products are going up proportionately.

Mr. PERKINS. Some have gone up much more.

Mr. WOLCOTT. That has always been the case. When agricultural prices are down here [indicating], industrial prices are away up here [indicating], and they all go up together, but there is the same differential between them after they go up. What program can you suggest so as to bring them in balance?

Mr. PERKINS. I would be a Solomon if I could answer that question.

Mr. FORD. Mr. Perkins, I would like to make one observation: Would not this amendment defeat the objective that it sincerely seeks to achieve?

Mr. PERKINS. In my humble opinion it would, sir. I am thinking now quite narrowly in terms of S. M. A. Outside of your five basic crops, there are fruit producing farmers, for example, who, like the other farmers, want to get the best income they can get. A great many of those orchard crops were produced in small volume even as late as 10 years ago. That is, they were produced in small volume as compared with the amount produced today. As to any mandatory legislation which would force us to get prices two or three times higher than they are now, I do not think the farmers themselves would want it. I think they would be hurting themselves if they urged it, and I believe most specialty crop producers would agree.

Mr. FORD. Let us take the case of oranges, grapefruit, and prunes. Those are three California products. What would parity be for those three products?

Mr. PERKINS. California oranges on April 1 were 47 percent of parity, Florida oranges were 58 percent of parity. Florida grapefruit were 35 percent of parity, and Texas grapefruit were 31 percent of parity. California lemons were 45 percent of parity. Bartlett pears were 48 percent of parity and winter pears 16 percent. I have not taken the 1909 to the 1914 figures, because they would come out a smaller percent of parity in some cases. These are on the 1919-29 basis.

Mr. FORD. What are oranges selling for, roughly, on the market?

Mr. PERKINS. Parity price for oranges today in California at the packing plants is about \$2.06, and the actual price to the farmer is 97 cents.

Mr. ROLPH. What about the price of prunes?

Mr. PERKINS. They are \$55 a ton; parity is \$95.

The CHAIRMAN. I will withhold any decision about further meetings of the committee until we know more about the situation in the House.

Mr. PERKINS. There are about seven or eight other operating objections, as I see it, to mandatory legislation compelling us to buy at parity. We can do more to improve farm income operating as we are, unless of course, we had all the money in the world.

The CHAIRMAN. We will give you an opportunity to be heard further.

Mr. WILLIAMS. Are you putting in a schedule on the 1929 base period?

Mr. PERKINS. Yes.

Mr. WILLIAMS. I wonder if we could have also the 1909-14 base period?

Mr. PERKINS. We grew almost no grapefruit then. I suppose on the 1909 basis grapefruit are a smaller percent of parity.

The CHAIRMAN. Put both of them in the record.

Mr. PERKINS. Yes, sir.

(Thereupon, at 12:15 p. m., the committee adjourned subject to the call of the Chair.)

CONTINUANCE OF THE COMMODITY CREDIT CORPORATION

THURSDAY, MAY 29, 1941

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

The committee met at 10:30 a. m., pursuant to call, the Honorable Henry B. Steagall (chairman) presiding.

Members present: Messrs. Steagall, Williams, Spence, Ford, Brown, Patman, Sacks, Gore, Mills, Monroney, Hull, Wolcott, Gamble, Miss Sumner, Messrs. Smith, Kunkel, Rolph, and Dewey.

The CHAIRMAN. The committee will come to order.

Mr. Perkins, come around, please.

We are glad to have you resume your discussion of this bill.

I believe you suggested to me that you had a prepared statement that you would like to submit to the committee; is that correct?

STATEMENT OF MILO PERKINS, ADMINISTRATOR, SURPLUS MARKETING ADMINISTRATION—Resumed

Mr. PERKINS. Yes, Mr. Chairman; I have a prepared statement which I would like to read.

The CHAIRMAN. We will be glad to have you read it to the committee, and the committee will then desire to interrogate you.

Mr. PERKINS. All right, sir.

I might add that this statement represents the policy of the Department of Agriculture, and not just the attitude of our particular Bureau. The statement follows:

1. An entirely different approach is required to raise farm income for perishable crops than that which will work for nonperishable crops. Some crops, like cotton, can be stored indefinitely, while others, particularly the nonbasic crops, cannot. Price-pegging loans which will support farm income for the five basic crops, therefore, cannot have the same economic effect for most of the nonbasic crops. Agricultural products such as fresh fruits and vegetables must be used; they cannot be locked in storage without spoilage.

In other words, higher farm income can be achieved by a higher loan rate on commodities which can be stored for relatively long periods of time, but to get the same effect on perishable and semiperishable crops, greater purchase funds must be available to move these crops into consumption, just as greater loan funds are required to maintain farm income on crops than can be stored for longer periods. It takes money to achieve either result.

Obviously, prices on the five basic commodities could not be maintained at 85 percent of parity for the entire production without having

enough money available to lend on the full portion of the crop offered for the loan. Similarly, parity prices or even 85 percent parity prices for nonbasic commodities could not be maintained without very sizable increases in the amount of purchase funds available so that all of the crops offered for sale at less than such prices could be bought. Nonbasic crops account for roughly 75 percent of total farm income. If it is desired to bring them above current price levels, money obviously must be appropriated for that purpose just as it is appropriated to maintain 85 percent loans on the five basic crops.

2. If mandatory legislation were passed directing the Department of Agriculture to buy nonbasic crops at a fixed price considerably above the commercial market, and if greatly increased appropriations for the purposes of such products were not made, two bad results for the American farmer would ensue:

(A) Only a very limited amount of increased income by way of higher unit prices would get to the few farmers who were able to sell to the Government and the majority of farmers would be very much dissatisfied.

(B) After that limited amount of money was spent—and even if it were prorated among farmers selling the Government, which would be a costly administrative procedure—there would be no further support available for agricultural prices and farmers would be at the mercy of commercial buyers in a glutted market. The total quantity moved by purchases, rather than the unit prices received on the relatively small amount of Government purchases, is the determining factor in total farm income as it is affected by Government acquisition programs.

Now, it is ironical for any employee of the Department of Agriculture to indicate that he is not for parity; and yet I know perfectly well in an operating expense unless the parity formula were modified and unless we had as much money available to us for purchases relatively as now available to maintain 85 percent parity prices under loans that we could not do a good job.

3. If mandatory legislation were passed directing the Department of Agriculture to buy at parity, a wholly untenable situation would result so far as unjust enrichment of processors is concerned. A great many processed farm products, such as meats, canned tomatoes, flour, cheese, dried eggs, and evaporated milk are now being bought, largely for Britain. If these purchases were made at parity, when processors are not paying parity prices to farmers, the taxpayers' money would be thrown away paying unwarranted prices to certain business groups.

Flour bought at 100 percent of parity, for example, certainly would be absurd in the face of an 85-percent wheat loan. Mandatory legislation requiring the Department to buy at parity would wreck the British purchase program as it is now operated through the partial use of \$90,000,000 of Commodity Credit Corporation money as a revolving fund. The use of these funds in the last 2 months has added hundreds of millions of dollars to farm income rather than to the profits of speculators. This would not have been possible if lease-lend funds had been used exclusively. It will not be possible to achieve similar results unless they are so used in the future, although this is not as vitally important now as it was in the beginning of the food-for-defense program.

4. Parity, as figured by the current formula, is certainly too high for a great many specialty crops. And I want to emphasize that it is hard to get real production control in the case of certain specialty crops, like eggs that are produced very widely and marketed very widely by a very large number of small farmers throughout the country.

Doubling or trebling the prices of some of these crops would increase production, curtail regular consumption, exhaust limited Government funds available for their purchase, and then leave farmers at the mercy of distressed market conditions. Farmers producing such crops would be injured by this action.

More important than this, however, is the principle involved in dealing with perishable and semiperishable crops as opposed to dealing with nonperishable crops which can be stored under Government loans for long periods of time. The loan approach in the latter case gives a guaranteed kind of support to farm income. The only way to get similar results in the case of the nonbasic crops is to have adequate money available for moving perishable and semiperishable crops into consumption before they spoil.

In order to do this in a way to get the maximum effect upon farm income, Government purchasing power can be used to "lead" a market upward from any given level, but limited purchases—much above the level of commercial prices—would not improve total farm income as much as moving a larger quantity even at a somewhat lesser price in the event that increased purchasing funds were not available in an amount adequate to achieve full parity.

The greater the amount of money available for moving perishable or semiperishable crops into consumption, of course, the higher the level of prices it is possible to achieve. The sky is virtually the limit, although Government would tend to become the farmer's chief customer if such a program were pushed to extremes.

Of fundamental importance in this connection is the problem of providing for the long-range protection of farm income through the continuance of both the purchase and loan programs. Any such programs could, of course, be swamped in the absence of adequate production adjustment by the greatly excessive supplies that would be called forth by parity prices for several crops. It should be emphasized that adequate production adjustment is difficult to obtain in the case of certain specialty crops, such as fresh fruits and vegetables and nuts and even poultry products which are widely produced by a large number of small farmers.

Producers of nonbasic crops have, for the most part, several factors now operating in the direction of better income.

These factors are:

A. A sharp rise in consumer purchasing power due to increased pay rolls. This particularly affects the price level of the nonbasic crops of which there are acute nutritional deficiencies among low-income families. When a man gets off of relief the first foods he buys are meats, fruits, vegetables, and dairy products. Those are commodities he did not get on relief. So the increased pay rolls are offering the producers of these crops a very much broader market than they had before.

B. A broader total market occasioned by Government purchases for—

1. Britain and other democracies resisting aggression.
2. The Red Cross.
3. Domestic distribution to relief families.
4. School lunches.
5. Army and Navy requirements.

The Department of Agriculture is using, and intends to continue using, whatever purchase funds are available to it in such a fashion as to get the maximum possible effect upon total farm income. It cannot achieve a greater effect without a greater appropriation for this purpose, however, any more than it could maintain 83 percent of parity prices for the five basic crops without increased loan funds.

Summarizing the content of my remarks, we have in the Department of Agriculture a combination of triple A, with production control; Commodity Credit with loan mechanisms; and S. M. A. and with purchases for export or domestic distribution. The combination of those three things, given adequate funds fairly distributed through the crops, will give us the machinery through which we can get any price level Congress determines to be wise.

You cannot, however, approach the buying of cabbage and tomatoes in the same fashion as you approach the buying of cotton. We cannot, of course, store tomatoes. And the same thing goes for practically all of 40 or 50 specialty crops with which we will deal in a year.

I am glad to have had the chance to present the viewpoint of this statement to this committee.

Mr. GORE. Mr. Chairman, may I be recognized for a few questions?

The CHAIRMAN. Yes; you may.

Mr. GORE. Mr. Perkins, I think you have made a very studied statement.

I, for one, recognize there is a very fundamental difference in a basic crop and in a perishable commodity.

You made a statement just a couple of moments before you closed that it was the policy of the Department of Agriculture to use these funds in such a way as to get the maximum income for agriculture. Is not that about the way you stand?

Mr. PERKINS. Yes, sir; very definitely.

Mr. GORE. With that I agree. Except I do not believe it would be your policy to use the funds to bring the income to an unfair or an inflationary level in the statement you made.

It is the principal purpose of my amendment to prevent these funds from being used to forestall the rise of a commodity to a proper agricultural price.

Now, I would like to ask you just a few questions.

One example you gave in the difficulty of administration was in the purchase of a commodity where the processor did not pay parity to the farmer. Have you in any of your purchases ever required a bidder to certify he had complied with the labor laws of the land?

Mr. PERKINS. No; we have never required that certification. As a matter of fact, the Walsh-Healey Act specifically exempts purchases of agricultural products by the Department. Some processors whose plants are unionized, and who are paying the union level of wages, and some farmers also, have asked us to buy from processors who pay union wages, primarily because they were worried about other

paying a lesser rate of wages. Because of the direction of Congress that we were exempt, however, we have never required a processor to pay a given wage rate.

Mr. GORE. Have you ever asked any statements of them regarding their labor policy?

Mr. PERKINS. Yes; once or twice, where we have understood that low bidders were paying extremely low wages. We have gone into the situation, and we have encouraged informal action on the part of farm groups and of processor groups. One particular case had to do with prunes in California. There was one bidder, at that particular time, who was very much under everybody else and who was supposed to have been paying a very low wage rate. The situation was corrected informally, between the other processors and the labor union involved. We now buy prunes on an announced price basis, and then take bids on processing.

Mr. GORE. Have you ever gone into the practices of a bidder relative to the price he paid for his commodities?

Mr. PERKINS. Yes; we have. And as a matter of fact it worked very badly. This was done before I went over to the shop in which I am now working.

We bought prunes a few years ago with the requirement that processors pay the farmers a given price per pound for the prunes. That meant negotiating a contract with them.

The operation worked out badly from the farmers' point of view. Certain purchases were made from middlemen who might have been technically classed as farmers. The result was that the full benefits of the program were not reflected back to the farmer.

About 2 years ago we changed that program; bought the prunes and raisins from the farmers; and then took competitive bids on the processing and boxing. Incidentally, the cost to the Federal Government was cut just 50 percent.

I do not know whether that answers your question or not.

Mr. GORE. Yes. The point I was getting at was that you made the statement that you had required statements and made some informal investigation as to the wages paid the processors, and I want to know if you had also had instances in which you had inquired as to the amount of money the processor paid to the farmer for the commodity?

Mr. PERKINS. I know of but one case where it came up. I understand that the theory of Congress exempting us from certain wage standards was this: If you had a very heavy surplus of perishable farm products which had to be moved rapidly, and perhaps processed rapidly, and if you had a labor dispute the whole surplus would spoil while waiting to adjust the dispute. That, I think, was the reason Congress exempted us.

Mr. SACKS. A lot of these processing companies are exempt under the Wages and Hours Act, canneries, for example?

Mr. PERKINS. Our canneries?

Mr. SACKS. Some of them?

Mr. PERKINS. I think they were not exempted.

Mr. SACKS. They have 2 weeks' grace which some of the others do not have?

Miss SUMNER. That is in towns under 5,000.

Mr. SACKS. What is that?

Miss SUMNER. That is in towns under 5,000 where they are exempt.

Mr. SACKS. Yes; that is right. I know in some cases they are exempt.

Whether they are taking advantage of that and putting them in small towns under 5,000 I do not know.

Miss SUMNER. No; in our part of the country there is no considerable shift in the industry.

Mr. SACKS. No? I know they were given some benefit.

Miss SUMNER. Yes; in towns under 5,000.

Mr. SACKS. And if I am not mistaken those representing the farm districts asked for it.

Mr. GORE. I did not intend to lead you into a discussion of the wages and hours law.

Miss SUMNER. I do not think the other provision which I have just heard whispered mention of here went through.

Mr. GORE. I may have been incorrectly informed, and of course you will know whether or not I have been. The information has come to me that you had required—I believe the Surplus Commodity had required—processors, as a prerequisite of bidding, to certify that they had complied with the Fair Labor Standards Act and the N. L. R. B. You will know whether or not I have been correctly informed.

Mr. PERKINS. I have been in touch with dozens of processors and farmers who are selling cheese, canned tomatoes, and the other commodities which we are buying. One of the first questions which we are asked is whether or not it is necessary that they comply with the Walsh-Healey Act. Our answer and the answer of the Department of Labor has been that it was not, and that we have not made any requirement that they do so. We have told these people that as a matter of fact, we are exempt under the law from the provisions of this act.

Mr. GORE. Of course, you recognize and know whenever the Government makes a purchase of a defense item, a mechanical instrument, gunpowder, and so forth, other than an agricultural commodity, that it is done now largely on a cost-plus basis, and that in many cases, most cases, certainly in the case we remember when Ford was denied the right to bid on a contract because he did not make certain statements regarding labor laws, and I do not mean to find any fault with that system here or to go into it now, but aside from the political persuasion of both the law and the practice we recognize the Government has taken these steps because it wanted to lead the way toward raising the level of wages of the workingman; whether that is right or wrong we will not discuss here—that is, I will not presume to—but if it is the product of logic to make those requirements for the purchase of the output of a factory then by the same process of logic, if it is the process of logic, could not you require that any processor from whom you make a purchase shall have paid parity to the farmer?

Mr. PERKINS. Well this is a general question about which I should like to make an observation.

I do not think the total income of the American farmer would be helped by an arbitrary determination that all processors had to buy at parity.

Let me take grapefruit, for example. Suppose we have been buying it on the trees at farm prices of 50 cents. I do not think if you triple

the price of grapefruit you necessarily help the citrus-fruit industry. People do not have to eat grapefruit. And I think that if you ask the farmers about this proposition they will say they do not want it.

In addition, we must operate with a limited force of people. Administrative expenses are limited by law. If we had to satisfy the G. A. O. about this price requirement on every payment check given on a purchase, we would need a tremendous staff of Government auditors.

Mr. GORE. On this grapefruit—and I thought it was Colonel Robbins' statement—in fact, is not that an argument against the definition of parity for grapefruit?

Mr. PERKINS. Partly, Mr. Gore. In fact, if parity were readjusted for crops of which we produced very little 10 years ago, and brought to a more realistic basis, then half of what I am saying would no longer apply.

But may I make one statement in terms of operation?

Mr. GORE. Yes, sir.

Mr. PERKINS. And I am talking as a businessman now.

The difference between buying so that you get about a given level in the course of your operations, and requiring that each and every transaction measure up to a certain standard, is the difference between night and day and determines the way you run your outfit. The mere fact of having to determine whether or not every processor from whom we buy observed these requirements—and I do not say this facetiously—would require enough auditors to cause a duststorm. It would be a terrible job to enforce compliance on the millions of pounds of foodstuffs we are buying from processors or through middlemen.

We can get a better effect for farmers, if we have enough money, with a much smaller organization, by buying at a level to hit at about the goal, without getting into this very difficult problem of policing price compliance on millions of transactions.

Mr. GORE. You went a long ways toward accepting the objectives of my amendment, may I frankly say to you, in your statement when you said it was the policy of the Department to use these funds to bring a maximum income to the farmer? That goes a long way toward accepting the objective I had in mind with the amendment.

It does not quite square, in my mind, with the announcement of prices which the Secretary made and which we discussed earlier in these hearings.

And right there I would like to ask you if that policy originated with you or with the Price Control Administrator, Mr. Henderson, whatever his title is?

Mr. PERKINS. Mr. Gore, one of the wonderful things about a democratic government is its composite decisions. Of course, we considered Mr. Henderson's attitude about prices. The announcement, in which Mr. Henderson joined, represented the very best approach to the problem that could be made in the interests of the American farmer, and everyone else.

Those prices were not "peg" prices. Nothing was said about grades, or geographic locations, or other factors. As a matter of fact, we have bought eggs, and cheese, and evaporated milk at prices for standards at Chicago quite a bit above that first announcement, and with prices for butterfat 3 or 4 cents above that. Mr. Henderson said, in a letter to Mr. Cannon, that those were minimum prices, and not maximum. All of us in the Department of Agriculture want the best prices we can get for the farmer.

Mr. Wickard said, this is a war of production; if we are going to overthrow the totalitarian system we have got to use production for our total strength. He could not foresee how much increased production would be necessary to meet Britain's needs and needed to have a very flexible purchase program.

Mr. GORE. And if these are minimum prices, how in practical effect would you accomplish the objective of making that a minimum price, and at the same time not make it a maximum price when you, as one of the major purchasers with the influence and power of the Government at your command, or with that influence and power embodied within your announcement, make the statement that you will buy pork at \$9? If you are going to withdraw from the market when pork goes to \$9.05, would not that operate to also make it a maximum?

Mr. PERKINS. Yes, Mr. Gore; it would. And I am awfully glad you asked the question, because we are not doing that. We bought pork products the other day when hogs were at \$9.80.

That statement was to cover a 2-year period.

We had two problems. One was to get hogs for Britain, and one was to get an increase in livestock numbers. That takes over a year.

We do not want to lose this war because people haven't enough meat. So, if we were going to ask farmers to step up production, we did not want them to get stuck with a lot of livestock which they could not sell. Therefore, we had to give them some assurance, with a floor under prices. We did not say the prices would not go below that level at any time, but we did encourage the farmers for the long pull. If you take 50,000,000 hogs and add 10 pounds to a hog, you have a half billion pounds of extra pork production. To encourage this production of heavier weight hogs, we have largely limited our buying to heavy cuts—heavy hams, heavy shoulders, and heavy bellies. In the course of the last 2 months, the usual differential between very heavy and light weight hogs has narrowed so that today both are bringing approximately the same price. And with hogs at \$9.80 we are still buying pork.

I have been saying for 2 years that we do not have a real surplus of dairy products, meat products, nor of most fruits and vegetables. What we have is a disgraceful amount of underconsumption. All of our information shows that this is quite true.

As a result of the purchase demands for Britain, farm prices have already come up a little. Living with this thing night and day as I have, I have reached the conclusion that unless we have greater production of many crops, the democracies are going to wake up and find themselves short on rich protein foods which they will critically need.

My fear is not that prices are going down, but that we are not going to be able to meet the demands if this war lasts.

Mr. GORE. As to the fault you find with our system of consumption and production I heartily agree.

In encouraging the farmers to produce pork for Great Britain we face a comparative situation. As an abstract and individual question there might be room for a great debate on whether or not the Government should guarantee cost-plus to contractors for mechanical products. There might be room for a great debate whether it is good policy for the Government, or whether it is to the best interests of all the people, to require bidders for Government orders to certify they are paying parity, and in some cases 200 percent of parity, for the labor

which produces it. But we are not into that and I only state it to show we are in a relative world, a realistic world. And is there any more reason, since that is true, why the farmer should not be given parity for his labor in producing pork going to the same source?

Mr. PERKINS. No. As a matter of fact, I think the principle you are enunciating is thoroughly correct.

The only thing I am saying, Mr. Gore, is this: You cannot fix an 85 percent parity price for cotton, wheat, tobacco, and rice without providing about a billion dollars. Don't put us in the impossible spot of trying to do the same thing for other crops without increasing our purchasing funds.

The minute lease-lend funds became available, we saw butter go up and eggs sell 23 and 24 cents, instead of 16 cents as they were a short time before. Hogs went up too—above \$9. Hogs would undoubtedly have gone up some anyway, in view of very heavy marketings last year. But the fact remains that getting \$300,000,000 of added buying power for these crops made it possible to bring about a substantial increase in prices.

You can get any level on farm prices for the five basic crops you set out to get, if you appropriate the money to bring it about. You can similarly get any price on these perishable farm crops, if you have enough money. But you cannot appropriate millions of dollars for Commodity Credit to peg the prices for wheat, cotton, and corn; and then get a similar result on all the rest of the crops unless there is a comparable amount of money to buy them. I think all of us who are interested in agriculture ought to be aware of that basic fact.

Mr. GORE. I am made very happy to find you and I agree on the objective.

Mr. PERKINS. So am I, sir; delighted.

Mr. GORE. Now, you present the difficulty of administration. Of course, you face perhaps not a similar, but perhaps not a dissimilar difficulty in asking for bids for the production of supplies for the Army.

And in the announcement for bids you put statements and pre-requisites and requirements in which exclude a large number of bidders. Of course, that is an administrative difficulty just as this is. You said it would take a great deal more money. How much money would it have taken to have paid parity for the \$90,000,000 worth of products which you say you bought in the last 60 days?

Mr. PERKINS. How much money?

Mr. GORE. Yes.

Mr. PERKINS. This will be a very rough guess—I am trying to think of the 40 or 50 items we have bought—but I think probably 35 percent more money.

Mr. GORE. Then you have paid about 65 percent of parity?

Mr. PERKINS. The way I answered the question creates a false impression. Some of the products we bought were above parity.

Mr. GORE. I do not want to place you in the position of giving a false impression.

Mr. PERKINS. We bought cheese, evaporated milk, and dried skimmed milk when the market on butter and butterfats—which determine the market—was above parity. Those purchases were critical purchases in terms of British wants.

We also bought 1,500,000 cans of grapefruit juice and grapefruit segments, but the Britons have not taken that. Fortunately, there are

right now 9,000,000 undernourished school children in this country, and they will be glad to eat and drink it. It is very good commodity to use in domestic distribution.

I thoroughly agree with the principle of parity, but everybody knows that even if parity were recomputed an effort to apply it mathematically on some crops would still be perfectly absurd. Even if you had parity recomputed on a more realistic basis I still feel that we can get the farmer approximately that price under our present method of operation. We do not have to go to a fascist technique. If, on the other hand, I were directed to see to it that every farmer got a specific price on every sale, the difference in terms of administration would be the difference between night and day.

We are going to get farmers approximately parity prices for dairy products if this war situation goes on. I might say this goes for poultry and eggs, as well as for dairy products. My fear is not that farmers are not going to get parity, but that they are not going to be able to produce enough of the needed crops.

In removing surplus farm products, we have been in a tough situation from the standpoint of farm income. If we buy 10,000,000 pounds of butter when there is a 20,000,000-pound surplus and give it to hungry school kids, it may do a good social job, but it does not get farm income up enough. If we want to get the price up on the whole production we have to have the money to buy the last 10,000,000 pounds. It is the last surplus you buy that really increases the prices.

Because we have lease-lend funds as well as funds for domestic purchases, we are able to prove in action that that is the way to get farm prices up.

MR. GORE. There is just one point I want to ask you that I did not get and which has not quite been cleared up, whether this plan originated in the Department of Agriculture or with Mr. Henderson. I understand there may be some jealousy as to whose plan it is.

MR. PERKINS. It did originate in the Department of Agriculture. It was the idea of Secretary Claude Wickard. It represented, I think, as statesmanlike an effort to meet the current world needs and at the same time get farmers all the income we could with the tools we had to work with. The policy might be a better policy if we had more money in our pocket. It seems easy to get money to lend on a crop; the difficulty is to get money to dispose of it. A very prominent person has said that when the history of this era is written, that announcement by Secretary Wickard will be considered to be as important as the announcement of the two-ocean Navy. The Secretary foresaw the shortage to come of protein foods. He knew the demands of Britain. But he did not want to get the farmers to produce abundantly and face the possibility of the war coming to an end with them left in the lurch. Therefore, there had to be certain minimum price protections. The whole thing originated in the Department of Agriculture. After it originated in the Department of Agriculture it was cleared through Mr. Henderson. I would like to say this about Mr. Henderson: I think he is a thoroughly fair person, and I think he is thoroughly sold on the long-time neglect of the American farmer, in terms of his not having had a parity income and

a fair share of the national income. I know he feels that way, because I talked to him about it.

Mr. GORE. I understand. I think the President did a great job in setting up an administration for price control. But there should be fairness and equality of treatment for agriculture. Since you helped prepare this release from the Department, I think you are a fine witness of whom we could ask questions about some of the language there. Just what did you mean by saying that you would release commodities for the purpose of preventing the prices from rising, if the prices you announced were strictly a minimum price as you said a while ago?

Mr. PERKINS. What we meant was this: First of all, our primary motivation was to get farm income up as much as we could. Therefore we bought commodities without knowing just exactly where we were going to use them. For the reasons I described the other day we got these extra stocks. In a run-away market, there are two ways in which you can control the market price. One is the food administration kind of control. The other is rigid fixing of prices, and if that happens the American farmers are going to pay the bill and no one of us is going to be able to stop it. I am sure that is the way things would work out.

Mr. GORE. Do you state that it is the policy of the Department and that it will be the policy of the Department not to use these funds and not to sell commodities in such a way as to prevent any commodity from reaching a parity price?

Mr. PERKINS. With parity as it is currently figured, I cannot say that.

Mr. PATTON. Will you yield, Mr. Gore, so that I may ask the Chairman a question?

Mr. Chairman, I am anxious to interrogate this witness but I will have to leave now. I wonder if he can come back tomorrow morning.

The CHAIRMAN. I hope to have a meeting this afternoon.

Mr. PATTON. That will be all right with me, but I cannot be back until 2:30.

The CHAIRMAN. I think we will meet at 2:30 this afternoon.

Mr. PERKINS. I think I can answer your question to me in one minute.

Mr. GORE. Then you cannot say that.

Mr. PERKINS. I can conceive a situation on an item like canned grapefruit juice, which right now we intend to use next year in school lunches—I can conceive of a situation in which we would have a very bad freeze next winter and an actual shortage. If we have on hand a lot of grapefruit, at much under parity, it could be sold to wholesalers to make a scarce article available. In general, of course, this would not be done to break farm prices.

Mr. GORE. Can you say in general that you will not prevent a price from reaching parity by sale?

Mr. PERKINS. Prevent it from going up by sale? There again I do not want to indicate too specifically, with the parity formula as it is. But in terms of attitude, and that really is what is important, I know I can speak for the key people in the Department on this. Any situation under which we would release any commodity for resale

domestically, is going to be a critical situation. It is going to be a condition in which the farmers themselves would perhaps want this sort of thing done, in the interest of everyone. We have done it on butter. Dairy groups came to us 2 years ago and asked us to release butter in the winter, and buy heavier amounts in the summer. This was to prevent speculation in dairy products under which farmers got low prices for fresh production and had to sell to speculators, and then prices were very high in the winter. They asked us to help stabilize that situation. If we had had more money we could have stabilized the price at 32 instead of 29 cents. But we did in that case stabilize under parity.

Mr. HULL. In regard to the manipulation of the butter market a couple of years ago, what particular dairy group asked you to do that?

Mr. PERKINS. Eight dairy cooperatives organized in the organization known as the Dairy Products Marketing Association.

Mr. HULL. Set up by the Department and furnished Government funds at Government cost.

Mr. PERKINS. Some of them get loans through the Farm Credit Administration.

Mr. HULL. Did any State department of agriculture or any State dairy department ask you to do that?

Mr. PERKINS. No, sir; I do not think they did.

Mr. HULL. No farm organization outside of the particular organizations you mentioned asked you to do that?

Mr. PERKINS. Not that I know of, Mr. Hull. These dairy cooperatives, representing a very large membership of farmers, were originally set up to buy butter. I mean that was the genesis of setting up the Dairy Products Marketing Association organization. And then it was their proposal that we work an ever-normal granary on butter, as between the flush season and winter months. To my knowledge, the plan was not discussed with anybody other than them. However, we got no complaints on it. The idea was that dairy farmers could make more money during the year if they could get a reasonably stable level of prices, than if they had to sell at a very low price in the flush season and then watch the prices go way up in the winter months when they could not get the benefit of it.

Mr. HULL. They cannot make money either way unless they can get the cost of production for their products.

Mr. PERKINS. That is very true; yes, sir.

Mr. HULL. Your Department bought butter at the time butter was very low and stabilized the price at about 26 cents. On the other hand you used a large part of the butter you bought in order to stabilize the prices down for the benefit of the consumers; did you not?

Mr. PERKINS. No, sir; we did not. We bought very large amounts of butter 3 years ago, I think it was, and distributed all of it through school lunches and to families getting public aid. The amount of butter we have sold in the commercial market has been relatively limited. I will be glad to furnish you the exact amount for the record. In terms of total dairy products operations, the amount of

butter resold is a very small percentage of the total amount of butter handled.

Mr. HULL. It was sold for the purpose of stabilizing the market at that lower price.

Mr. PERKINS. Yes; very definitely, at that time. But it was done with the approval of those dairy cooperatives, when we took a very optimistic view of purchases in the spring.

Mr. HULL. Yes; and those dairy cooperatives, while extensive in membership and with considerable capital and all that, represented a very small part of the dairy industry.

Mr. PERKINS. The only complaints we got were from the Chicago Board of Trade, and they criticized us because they said we had gotten the butter speculators in a situation in which they could not operate. We did make more money for the dairy farmers through the operation on dairy products. I want to repeat: If this current world situation lasts and we have the grave misfortune of having a drought to face, our problem in dairy products will be how to get production of the cheese and evaporated milk and powdered milk which Britain needs. These are among the most critically needed products, and I think as important as bombers.

Mr. SACKS. I would like to know if, as Mr. Gore pointed out, under the Walsh-Healey Act and certain other acts these manufacturers who come to the Government and sell them raw materials and certain other materials must certify they have complied with these laws—now, I am not against seeing the farmer get a just return—if processors were made to certify as to parity, why couldn't we go one step further because we do know a lot, or a vast amount of farm products are controlled by vast corporations, how about saying, "Why don't you raise the wages of the men who raise this stuff out in the fields?" For example, in the strawberry season and the tomato season down near my district, it is in Jersey, right across the way, some are earning 20 and 30 cents a day, having families, their children, wives, and everybody else picking them. I think if the intention of this is to help the farmer let us help the one that works there and raise the wages of the farmhand.

Mr. PERKINS. May I add this observation; they are going up anyway. In California, where migrant workers are a vital part of the cost of producing crops, people are not picking lettuce for small amounts a day when they can get jobs in shipyards. I thoroughly agree with you that a social condition among migrant workers has existed in some spots. It has been a sort of cancer in the whole economy. You and I have bought food for less money, because some man worked at a terribly low level. That is already being changed. I read the other day—I do not know the accuracy of the story—that farmhands in Kansas are getting four and five dollars a day for common labor and \$7 a day for machine operation. Many complaints are coming to the Department of Agriculture about the shortage of migrant workers. Specialty crops are going to present a very serious problem for the farmers who have to move them at once. I think the times are likely to overcorrect the situation you speak of.

Mr. SACKS. At the time that was up I remember distinctly the farm groups did not want to come under it. I do not blame them at that time. But I do want to say this. I do not represent any farmers. I have a couple of window-box farmers in my district. But I represent consumers. I have always felt I am willing to pay a little more for the product if I know that the income is going to the farmer because it will help them buy our manufactured stuff. So it is a cycle. But what you do not want to get in this bill and what I would like to ask you about this amendment is this: This being a question of commodity credit and raising this corporation to a billion dollars, do you think that you can gain the objectives of the Commodity Credit Corporation and also the objectives of the surplus and the general objectives of the Agriculture Department in this situation by tacking this amendment onto this bill?

Mr. PERKINS. Well, I am very glad the amendment was proposed, because I think it has raised a very important principle. And I am not out of sympathy with the principle. It is what we are trying to get. I think, however, for the reasons I have indicated, that if the Congress will take the same attitude about raising farm income on nonbasic crops in terms of money, just to be blunt about it, that it has taken for the basic crops, we can get as good a level of farm income for nonbasic crops as we can for basic ones, and do it under our present plan of operation. Because of the perishable nature of the crops in the first place, and the difference between the purchase approach and the loan approach in the second place, I do not think you can apply arbitrarily the same technique, but we can get the same result.]

Mr. SACKS. How much more money would you need under this bill, for example, if we should adopt the Gore amendment?

Mr. PERKINS. Let us presuppose you refigured parity. Mr. Gore, I am not trying to knock down any straw man. Everybody with any horse sense would agree some parity prices are figured too high.

Mr. GORE. That is not the fault of this amendment. That is the fault of the parity definition.

Mr. PERKINS. That is right. Therefore, I do not want to criticize the amendment on those grounds. We have available this year \$235,000,000 for surplus removal in S. M. A. That has to be spread over crops representing—and I want to drive this point home—75 percent of the total agricultural income. You have to pit that relatively small amount of money against the much larger amount available for the five basic crops. Of course, we cannot do as good a job.

Mr. SACKS. How much would you need? How much would Congress have to increase the item?

Mr. PERKINS. I made a quick guess the other day on the basis of parity as it is now figured—a billion dollars. But it is a case of wheels within wheels, because there are so many factors that enter in. One is your consumer purchasing power; another is demands from Britain; another, purchases for the Army and the Red Cross. In a period of rising employment, every factory is on the side of raising farm income today for the nonbasic crops with one or two exceptions. Everything today is operating in that direction. To get more concrete about our

own shop, it would take only another \$75,000,000 to cover the rest of the country with the food-stamp plan; forty or fifty million dollars to give school lunches to five out of five children, instead two out of five as at present; so another two or three hundred million dollars, with parity refigured, might be adequate in this boomtime to get the result we are talking about. If bad times came, these figures could not apply.

Mr. PERKINS. Many groups of processors have asked us to negotiate with them on commodities we buy. We have told them of our belief in the competitive system, and without exception we are buying on straight competitive bids. I hope we can hold that line.

Mr. SACKS. I would like to see it come back in contracts for munitions, and so forth. I am in favor of them.

Miss SUMNER. Have you read Valtin's Out of the Night showing the way they padded the cost-plus contracts and padded their overhead and everything else to make up the cost?

Mr. GORE. I just want to close with this brief observation. There has been no evidence from any source to show that any contractor for national-defense items has made any sacrifice. They are making money, and barrels of money on the cost-plus or fixed fee contracts. There has been no evidence that the mechanical labor of the country has made any sacrifice. They are striking all over the country and getting higher wages every time they strike. And they get higher wages if they do not strike. And yet according to our testimony this morning we find the American farmer, out of \$90,000,000 to go to Great Britain has sacrificed \$35,000,000 below parity.

Mr. PERKINS. I would like to add to that through the help of farm organizations and others during the last 8 years, we have built machinery we did not have in the last war to meet the objectives you have in mind. I think we ought to be very grateful as a nation that we have the machinery and that we have retained our productive capacity, both farm and factory. The point I want to make, and I am not criticising any other bureau of the Department, is that we cannot get 85 percent for the five basic crops, representing less than half of the farm income, without sizable amounts of money used either through a loan or some other mechanism. Now, with lesser amounts of money, because the job is easier, we can do something for the rest of agriculture. But we cannot do it without blue chips. In the case of perishable crops, we can get farm income up through the purchase and distribution mechanism. That is all you can do. If we are going to do the same job for the rest of agriculture which we have done for the five basic crops, we already have the machinery with which to do it. But we lack the fiscal means to achieve it.

The CHAIRMAN. Does not the question of surpluses enter into the calculation of this?

Mr. PERKINS. Yes.

The CHAIRMAN. Our five basic crops are crops in which we produce in all surpluses. Is that true of the other farm products?

Mr. PERKINS. Yes, sir. I am awfully glad you asked that question.

The CHAIRMAN. To what extent?

Mr. PERKINS. To an enormous extent in some crops.

The CHAIRMAN. If I understand you this morning, the whole program and policy seemed to be directed toward efforts to secure a sufficient production for the next 2 years.

Mr. PERKINS. Well, Mr. Chairman, that is true in the case of the three groups of commodities I mentioned. But in the case of prunes we now really own in the Department of Agriculture, on loan, over 100,000 tons of prunes. Counting 10-percent increase in domestic consumption, and counting the maximum amount we have been able to get Britain to take, as we see things now, at the beginning of the 1942 harvest year, we are going to have 115,000 tons of prunes. And that is 50 percent of the crop. Prune growers are in desperate shape.

Again, we have lost the export market for apples. The apple export market represented 15 percent of the crop, which is spread widely over the country, as you know. There are 14 commercial producing States. There was a very heavy bloom this year, and there will be a heavy crop. It looks as though we are going to have something like 15 to 18 million bushels of surplus apples this year. Those are going to be No. 1 apples, not off-grade apples. What to do with them is going to be a real headache.

The CHAIRMAN. I can appreciate many of the suggestions you have made this morning and the information you have furnished and I can appreciate some of the difficulties you have outlined to the committee, but I do not see how we can settle this matter of perishable products by reference to certain separate products. I am wondering if we are about to run into a shortage of any of those perishable products, or any of those, other than the five basic commodities. If we are to run into a shortage I do not see where there should be any great difficulty in accomplishing the things we all desire.

Mr. PERKINS. In certain fields, you are quite right. For example, 3 years ago we had to buy 140,000,000 pounds of butter to help the dairy farmers. Right now we are having trouble getting enough cheese and evaporated milk to meet the demand. That is due to the fact that some is being bought for Britain and much more milk and other dairy products are being bought by our own people who have more money to spend. You are quite right that on some crops the problem is enormously lessened. It is very difficult to give definite figures right now, but everything is operating in the direction of accomplishing what you are talking about. The situation is not relieved, however, in the case of agricultural crops such as dried fruits and fresh fruits. For instance, we used to export 15 percent of our canned fruits to Britain and the continent. So we have some problems there. But the problems are very much less in the nonbasic crops when you have full employment, because by and large the way to get up farm income on those crops is by increased consumption.

The CHAIRMAN. That is the way to get everything up so far as that is concerned.

Mr. PERKINS. It is so much easier to do it.

The CHAIRMAN. The whole situation grows out of a lack of consumer power. People are not living on the standard they should live, with out resources and powers and capacity for production. Our farmers do not have cotton clothes now. And they won't have even

after getting parity prices. They cannot begin to pay the debts they already owe, half of them. They cannot consume the food they produce. They live half fed and half clothed. I am ready to join anybody who has got a remedy for that. From all over my district and other farming sections of the country I understand that only consumption is the trouble. I am ready to join anybody who has a remedy for that. I think we should stick to that and not undertake to find a better method of distribution. That is my whole view of this situation. But for the time being we are resorting to other methods and we think we have found we can protect the farmer on nonperishable crops, the basic commodities, by loans, benefits and other methods which we employ. Now, if we can protect the farmer further with reference to any perishable products, let us direct our efforts in that way and leave out any where it is impossible of accomplishment with a reasonable effort. That is the line of my thought.

Mr. PERKINS. That is very wise, Mr. Chairman. I agree completely. And we have the machinery to aim at the result you are talking about. But we cannot do it without blue chips, anymore than you can maintain 85 percent for basic crops without lending.

Mr. MONRONEY. Congress has afforded the 85 percent protection to the cotton and wheat farmers because there has been crop curtailment and on other nonbasic items there has not been in many cases limited acreage or limited production.

Mr. PERKINS. That is a correct observation.

The CHAIRMAN. We were told this morning the efforts of the Government were being directed, and the sole objective was for increased production in anticipation of a lack of sufficient production. That is as I understood your statement this morning. I do not see why we should direct our efforts or have our efforts frustrated by direction toward another list of perishable products when the difficulties are so great in some instances than in others. I am wondering if that is the practical way.

Mr. PERKINS. The five basic crops are in more critical trouble, by and large, than the nonbasic crops. There is not any question about that. Our export market under present world conditions has been badly curtailed.

The CHAIRMAN. The solution of that problem is less difficult.

Mr. PERKINS. Yes; that is right. But the point I have been trying to make is that we are going to need greater quantities of some of the nonbasic crops or, they tell us, the defense of all the democracies will be weakened. But then all the nonbasic crops are in almost as bad shape as cotton, and without comparable help. I want also to make that point. And they are much tougher than cotton to deal with.

Mr. BROWN. What would be the difference in the ratio of loss with the perishable products and the staple products like the five basic commodities we have discussed here and which are mentioned in this bill?

Mr. PERKINS. You mean loss in terms of income below parity or physical loss due to spoilage?

Mr. BROWN. I mean physical loss. A great deal of products are going to be lost and thrown away. With other commodities such as wheat, corn, and cotton it is quite different. I think it should be

brought out that they are quite different. I would like to see perishable products produced if we can do it.

Mr. PERKINS. You are absolutely right. We can buy eggs and store them for a little while, and apples too. But with perishable products, once you buy them you have to move them or else have actual physical spoilage. We buy a lot of perishables—carrots, snap beans, tomatoes, strawberries, and so forth, from local growers. It is not a very big part of the total farm income. But the crops have to move into consumption promptly or you will have a terrific loss. The other side of the picture is that we have internal machinery in our country today, which we did not have a few years ago, for making use of these crops if the Congress decides it wants to appropriate money to get a higher level of income, through the school lunch program, and the food-stamp plan, and buying food for Britain. We have a lot of outlets today through which we can move them into consumption.

The CHAIRMAN. What part of domestic production does your organization purchase?

Mr. PERKINS. Our total purchases of farm commodities by various methods in the course of this year will run about \$210,000,000. Roughly, the total food bill of the country runs about \$13,000,000,000. So that is roughly 1.75 percent of the total. I think we ought to allow about 20 percent for the cost of retail distribution. So that would bring the figure to about 2.5 percent, on a comparable price basis.

Mr. GORE. Is that including what you buy for Great Britain?

Mr. PERKINS. No; I did not include that. You would have to double that figure and make it 4 percent or 4.5 percent, if you include probable purchases for Britain. That can be very misleading, however, because while I have given a figure of 4 to 4.5 percent of the total food production, it runs as high as 40 percent in certain crops.

Mr. GORE. And have you fixed the prices of that product—I do not want to use the word fixed because you really are not fixing. If you announce you are going to buy that product of which you expect to buy 40 percent at a certain figure, that fixes the price of that product at practically that minimum and that maximum.

Mr. PERKINS. If we did what you said, that would happen. But we did not do that, and have had no such result. That is terribly important. The announced prices were supporting prices; they were not pegged prices. We announced \$9 on hogs. That did not keep hogs from going to \$9.50 and \$9.80, and it did not keep us from buying. We announced a supporting price of 22 cents on eggs. It did not keep the price from going up, and it did not keep us from paying 24.5 cents.

The CHAIRMAN. These prices which are announced are temporary? For how long a time?

Mr. PERKINS. They were announced, Mr. Chairman, as supporting prices for a 2-year period.

The CHAIRMAN. That is what I understand.

Mr. PERKINS. The Secretary was worried that we might encourage the farmers to get out, as their contribution to this effort, and produce a lot of extra crops, and that then they would get caught just as you suggest. So we announced supporting minimum prices. We did not

have enough money to make the prices any higher. We made them as high as we felt we could support. It did not keep us from buying above those levels. There may come a time of excessively heavy production, say in eggs, and it may not be possible to keep the price at 24 cents; it may dip for a month to around 22. At that point, we would jump in and buy all we could.

Mr. GORE. You are speaking now of supported prices and a supporting figure. I do not read that in your announcement at all.

Mr. PERKINS. Mr. Henderson, in a letter to Mr. Cannon, said that minimum prices were needed.

Mr. GORE. I thought you said it was the policy of the Department of Agriculture?

Mr. PERKINS. Mr. Cannon asked Mr. Henderson about that point, and Mr. Henderson answered the question in that fashion.

Mr. GORE. That they were supported prices?

Mr. PERKINS. That they were not ceiling prices.

Mr. GORE. If they are strictly supporting prices there is not a great deal of difference in that and in the loan process by which we are supporting the prices of basic commodities.

Mr. PERKINS. Well, no. The ultimate effect on the farmer is not very different. But in administrative terms it is the difference between black and white. Because if we had a fixed purchase price of \$9 on hogs and had stopped buying when the market reached \$9.05 we would not be getting the pork and lard now that Britain needs. I don't know but there may come a time when eggs go to 21.5 cents for a day. In that event we would jump in and buy all the eggs available on the market. We have no machinery for preventing butter prices from falling or preventing eggs or pork prices from falling for a short period. But, because we have money to support those announced prices we can, through our purchase programs correct any situation that stands that way for very long. It is simply easier to operate under one method than the other. If eggs go to 24½ cents and sales of hatchery chicks are up 30 percent, it is possible that the price may break for a short period. We would then immediately jump in and buy all we are able to in order to bring the price back up. That is a very different operation from the loan process.

Mr. DEWEY. Did you say if eggs are 21.5 cents?

Mr. PERKINS. We take bids on eggs at a great many country points as well as on the exchanges. We ask for bids that day, and buy every egg that is offered to us, up to say 22 cents. We would not pay 22 cents to someone who offered them at 21.25. The net effect of our buying all that are offered when we ask for bids, is that the next day eggs are offered at at least 22 cents under the hypothetical circumstances I just described.

Mr. DEWEY. When you said a 2-year period did you mean the crop year 1941-42?

Mr. PERKINS. By 2-year period we mean through June 30, 1943.

Miss SUMNER. Will you please give me a list of perishable commodities you buy for Great Britain?

Mr. PERKINS. There is a list in the hearings, put in when I was here a week ago, with parity prices for nonbasic commodities. It is in the record.

Mr. DEWEY. In connection with citrus fruits which have been mentioned a number of times, what percentage of that is now used in the form of fruit and what in the form of fruit juice?

Mr. PERKINS. I will be glad to supply those actual figures for the record.

Mr. DEWEY. Is there any thought given to the use of other commodities such as prunes, which you mentioned you had difficulty with, of turning them into a more attractive form for consumption? I understand that a great deal of citrus fruits, tomatoes, and so forth, have been taken off the market and sold in the form of a drink—fruit juice—and that it has increased the consumption. Could the same thing be done for prunes?

Mr. PERKINS. There has been some prune juice sold. I understood from a man who was in the other day that there is also an effort to urge the use of flaked prunes in a health bread. Those are commercial endeavors.

Mr. DEWEY. Are you watching to see there is not a tax put on fruit juices in the coming tax bill? Probably there will be, on soft drinks.

Mr. PERKINS. From an agricultural point of view I certainly hope a tax will not be applied.

Mr. DEWEY. You should watch that.

Mr. PERKINS. I am glad to hear about it.

The CHAIRMAN. We will meet again at 2:30.

(Thereupon, a recess was taken until 2:30 p. m.)

AFTER RECESS

The hearing was resumed at 2:30 p. m., at the expiration of the recess.

The CHAIRMAN. All right, Mr. Perkins. I think Mr. Smith has some questions that he wants to ask.

Mr. SMITH. I was interested in Mr. Gore's questioning this morning, because I think it touched a very vital part of this program. I was not greatly impressed with your answers. I am not convinced the way that you are operating the loan and purchase program is not doing something to prevent the farmer from getting parity.

Mr. Gore's amendment was rather specific, and I understood him to say that its purpose is to make it impossible for you to do something which would prevent the farmers from getting parity.

Is that my understanding, Mr. Gore?

Mr. GORE. Yes, sir.

Mr. SMITH. I should like to ask this: Are you sure that you are not now doing something to prevent the farmer from receiving parity?

Mr. PERKINS. I know of nothing that we are doing that prevents it. As I testified this morning, it takes money to achieve a given result, whether you do it by loans or whether you do it by purchases. In the case of some crops, we don't have adequate funds to enable the farmer to get parity.

If you have in mind a specific thing that we are doing to prevent it, we might turn our minds to that. I don't know what it is. As a matter of fact, we are constantly trying to get for farmers all that is possible.

We can certainly point to the price level prevailing prior to the time that we started this program. I might point out, for example,

that hogs, which were about \$7.40 or \$7.50 per hundred for heavy-weights, today are selling at \$9.50, butter is up 4 or 5 cents a pound, and eggs are up 3 or 4 cents a dozen. If we are doing anything that is hurting the farmer's income, I don't know what it is.

Mr. SMITH. You cannot be sure, however, Mr. Perkins, that you are not doing something to prevent the farmer from receiving parity.

Mr. PERKINS. I am perfectly positive so far as I am concerned that we are not. However, I do not want to answer the question arbitrarily. If you have a specific thing in mind that you think we are doing that is not raising the farmer's income, then, of course, I will be glad to try to answer the question.

As far as I know, in the particular work within my administrative responsibility, we are doing everything that we can to get the farmer a good income.

Mr. SMITH. You say that you are sure that your program, as it is being operated now, is not doing anything to keep the farmers from receiving parity. I am wondering how you reconcile that statement with your objection to the Gore amendment. I do not wish my question to mean that I have made up my mind on Mr. Gore's amendment. I was just wondering why you object to the Gore amendment if you are sure that you are not now doing something to prevent parity.

Mr. PERKINS. It is quite impossible to achieve parity or any other goal that you might set for yourself without a sufficient amount of money with which to accomplish it.

As I testified this morning, and have said before—but I want to say it again, because it is so important—we don't have enough money to buy all the crops offered to us at a price approaching parity. If you appropriated only enough money on a cotton loan to take care of 20 percent of the farmers, you couldn't have an 85-percent parity for this basic crop. So, similarly, unless we have enough money to buy all the crops offered at whatever price Congress may happen to set up, we cannot reach that level any more than it can be reached on the five basic crops without sufficient funds.

That is one thing in terms of the difficulty of reaching it.

As far as the parity concept itself is concerned, I think we would all be agreed that for some of the specialized crops parity needs redefining in terms of price. Surely you would not help the growers of some crops by doubling or trebling the price. You would curtail the consumption.

That is an objection, as I see it. I think Mr. Gore indicated this morning that he would agree we ought to redefine parity in terms of price if we are going to attempt to reach a goal of that sort.

The other objection I have to Mr. Gore's amendment is a very fundamental one. Given a price objective which the Congress wants us to reach, we cannot reach it without money any more than you can maintain 85-percent loans without money. I would infinitely prefer to reach it through the purchasing mechanism by maintaining a price level—let it go up a little and down a little—than to have legislation which would require us to pay a specific price for every grade and every quality of different commodities.

The purchasing method I prefer is workable. You can get some monthly income for farmers. The other method requires a corps of

auditors, a corps of accountants, and all kinds of determinations about grade and size and geographical location. That would make for the kind of operation in which we would have to police millions of transactions.

We tried it once on one commodity in a limited way, and we are not out of the headache yet. That was in 1936.

The CHAIRMAN. Wouldn't it be better, instead of making a loan on cotton, which cannot do otherwise than increase the heavy stocks that we have, for some amount of money to be used to buy some of this cotton and supply it to these poor families who lack cotton goods?

Mr. SMITH. That is still leaving me unanswered. I am not convinced that you may not be doing something to prevent the farmer from reaching parity. Your saying you have not the funds available for loans and for purchases which will produce the parity price proves nothing.

After all, that might or might not be essential to reach parity. If there is doubt in your own mind about the present program, it is extremely serious, because I think that is what you are aiming at. We should be very certain that nothing is being done to prevent the farmer from reaching parity. So I am just wondering whether you care to answer me a little more specifically.

Mr. PERKINS. I know of nothing that we are doing now that prevents farm products from reaching parity. I think probably you are talking about the possibility of releasing commodities which have been bought. That is one way we could prevent parity. We might stop buying. That might be another way.

But I indicated this morning that we are buying cheese, evaporated milk, and powdered milk, and the price is above parity. So I think the proof of the pudding is in the eating.

We are not doing anything to prevent prices from reaching parity. If I have given you any impression that I don't want to give a categorical answer, I didn't mean to. As I said this morning, I think that parity price for grapefruit would be a mistake. It was calculated from a base when production was extremely small and it was a luxury item. Today, production is much greater and the whole cost situation has changed.

I want to be perfectly honest. If we had stocks of grapefruit segments on hand, I would not hesitate to sell those at less than parity as it is now figured. I think that that is a blunt answer, but the situation is not likely to occur.

Mr. SMITH. You don't think that if you set the price at 22 cents a dozen for eggs, you might be doing something which would tend to fix or freeze the market price at this figure?

Mr. PERKINS. No, sir; I know flatly that it does not. I say that positively, because of the history of our operations in the last few months.

We didn't set a price of 22 cents. We said to the farmers: "We are not going to let it go below 22 cents for any extended period of time." And we bought eggs for 24 and 25 cents. We bought pork products at \$9.80 when the supporting price was \$9.

Mr. SMITH. How do you know that if you had not offered \$9, the price might not have gone to \$10? What have you to indicate that it might not have gone to \$10 or \$10.50?

Mr. PERKINS. I have my business judgment based on what we bought and what the packers' stocks were and what the market price was.

Now, let us get back a little bit to the psychology of the Department when we set out to support hog prices at a \$9 level. Nine dollars at that time looked high. It was something to shoot at. Since we needed to increase pork production, we wanted to assure farmers that if they produced more pigs they were not going to have to sell them for five or six dollars. That is why we announced the supporting prices. We could not have gotten the farmers to go ahead with this extra production, in our judgment, if we hadn't given them some assurance as to what they were going to get.

Mr. SMITH. Then the raising or the fixing of that price at \$9 was twofold—to encourage the raising of hogs and to insure the minimum price?

Mr. PERKINS. Yes, sir; because at that time the price of corn and a \$9 price on hogs gave about 13-to-1 feeding ratio; and at that level we knew farmers would produce hogs.

We wanted to encourage the production of more pork products, because we knew that there was going to be a very great demand for them. We wanted to give the farmers the additional income they could get from greater production as well as from a higher price.

If we had not included these prices in asking farmers to increase their production every farmer in the country would have asked, "Where am I going to come out? What am I going to get out of this?" That was what worried us in the Department. Farmers would say, "I am not going to produce more hogs and maybe have to sell them again at \$5." That is the reason we did it.

Mr. SMITH. You, of course, recognize that the price process is exceedingly involved and complex?

Mr. PERKINS. I think I do, sir.

Mr. SMITH. Isn't it a little bit risky, in view of its extraordinary complexity and involvement—isn't it rather risky to assume that just because you set a price of \$9 a hundred on hogs, and that the price thereafter goes up to nine and a half or ten, the price you set must have some effect in supporting hog prices?

Mr. PERKINS. It had a tremendous effect.

Mr. SMITH. You say it had a tremendous effect. Is it possible that it could have had the effect of keeping prices down as well as advancing them?

Mr. PERKINS. We could have gone on with our buying program and not have announced any support for farmers' prices. That would have been much easier for us in terms of operations. We could have just said, "We are going to buy." We would have said to the farmers, "There is going to be a pretty good demand." We would just have bought at whatever the market was. But my feeling, and the feeling of the Secretary of Agriculture, was that had we said that to the farmers, the howls that would have come from the country—and, I think, justifiable howls—would have been pretty loud. The first thing that the farmers would have said to us would have been, "What is there to prevent their going to that again?"

So it was to give the farmers a feeling of assurance that they were not going to be let down that we did announce the supporting prices—so that they would not feel that they were going to be asked to produce

for defense needs with no assurance whatever that they would not be ruined financially.

After all, we were asking them to increase production. We felt that if we wanted that production, and if we were going to be fair to the American farmer, we had to give him an indication of a floor below which the price would not go for the period for which he was producing.

Also, in terms of defending the democracies, we definitely wanted to get the goods, because, after all, in a war your dollars by themselves are no good whatever. You cannot win wars with dollars except as you convert dollars into goods that you need. So we wanted to convert our production capacities into the things that we needed.

We had a dual objective. One was to get goods for Britain, for ourselves, and for some other democracies. The other was to get farmers to a definite level of income to assure them against price ruin if this struggle should happen to end overnight.

That was the whole reason for it, sir. And our feeling was that if we hadn't given the farmers that assurance they would have been very much upset, and I think justly so.

Mr. SMITH. I am wondering how you reconcile this particular operation of the farm program with another. You are indicating that ultimately this loan and purchase feature is a form of subsidy to the farmer. In the case of wheat the farmer is definitely restricted to raising a certain amount or pay a penalty. I am wondering how you reconcile these two procedures, since wheat is used for the feeding of hogs.

Mr. PERKINS. It is true that wheat can be fed to hogs. But so long as there is a great differential between wheat and corn, not much of the wheat will be used for that.

But I think that this can be reconciled on these grounds; We now have, and will have on July 1, a surplus of 500,000,000 bushels of wheat over and above what we are going to need for another new year. In other words, when we come to the beginning of the new year on July 1, 1942, we are going to have, roughly, 500,000,000 bushels of wheat on hand. That is enough to run the flour mills of this country for virtually a year.

With a new crop coming on we are not going to need that wheat under any conceivable set of conditions. Therefore I think an acreage control program on wheat is the only kind of device by which we can prevent wrecking the income of the wheat farmers.

In the case of dairy products, the situation is quite different. Britain does not want wheat from us. She does want dairy products. So I reconcile it in terms of demand. I think in one case you have a demand for something and in the other case you have not.

I can see how it looks a little silly at first glance to be cutting the production of one crop, and then in effect paying a subsidy for an increased production of another. But the answer is pretty simple. The British can get all the wheat that they want from Canada, from the Argentine, from Australia. They critically need the concentrated protein foods. That is the answer.

Mr. SMITH. I am wondering about the *vis medicatrix naturae*, the healing power of nature, as applied to the great art of agriculture.

Mr. PERKINS. You mean that we should let supply and demand determine what the production should be and let everything take its natural course?

Mr. SMITH. I am wondering to what extent this healing process might work, this inherent healing power and tendency of things to right themselves.

Mr. PERKINS. We are in a price-control era on farm prices. You might as well face it for certain crops. Administratively, we obviously have to work within the framework that is set up for us.

We are already affecting prices on some farm crops. We are already fixing farm prices by what we do.

Whether or not the healing process would have come through in 1932 and we finally would have gotten healed is sort of academic now, because that is not the kind of world that you find in 1941.

My own personal judgment is that we critically need a combination of A. A. A., Commodity Credit Loans, an S. M. A. surplus disposition program, in the kind of world in which we find ourselves, to meet the problems of American agriculture.

A loan mechanism will work for some crops. A purchase mechanism will work for some other crops. We are in that kind of control era, and whether the healing would have worked if we had not gone into that, is an academic question.

Miss SUMNER. It seems to me that you have already got the farmer in the hospital. You have your labor organizations who are increasing the prices of labor. You have your industrialists who by artificial means have brought their incomes up into the billions. The farmers are the only ones who have nothing to raise their prices artificially. Isn't that right?

Mr. PERKINS. I thoroughly agree with you. As a matter of fact, although the farmers make up 25 percent of the population and about 30 percent of the children, they have only been getting about 11 percent of the national income. Obviously in a democratic country that disparity is what brought forth all this program in trying to help the farmer.

Miss SUMNER. If we had some of these artificial things to turn to like the bankers or some of these others, we could raise our prices. If we had anything like the approximate strength of some of these other outfits, like labor or the industrialists, we could do that. We certainly have the numerical strength, and there is just as much justice on our side as there is on the other.

Mr. PERKINS. Of course, and we want you to have it. We have fought for 8 years trying to get the farmer more income.

Miss SUMNER. I know you have.

Mr. SMITH. This program, you will agree, Mr. Perkins, is, after all, going to call for quite a bit of money.

Mr. PERKINS. Yes.

Mr. SMITH. The matter of these price parities is quite costly.

Mr. PERKINS. They are costly. I grant it. It is an expensive operation. That is right.

Mr. SMITH. Now, that is related to this debt that is piling up, isn't it?

Mr. PERKINS. Yes.

Mr. SMITH. The farmers are going to have to bear their share of the debt, and the whole is related to these other subsidies and payments and grants, is it not?

Mr. PERKINS. Yes.

Mr. SMITH. I was pleased to hear you say this morning that you did not want to go too far. I think you mentioned that if we did it

might lead to fascism. I was glad to hear you say that, because some of us believe that too many of the present Government programs are on the order of fascism. But you agree that this is related, after all, to all these other programs?

Mr. PERKINS. Surely.

Mr. WILLIAMS. How much money have you at your command now in this purchasing program?

Mr. PERKINS. You mean as regards the total money that the Surplus Marketing Administration is spending?

Mr. WILLIAMS. Yes. Where do you get your funds, and how much is that fund?

Mr. PERKINS. This current fiscal year the Surplus Marketing Administration has by appropriation from the Congress \$235,000,000 for its various surplus removal programs.

Mr. WILLIAMS. Is that a direct appropriation, an annual appropriation, by Congress?

Mr. PERKINS. Yes, sir.

Mr. WILLIAMS. In the Agricultural committee appropriation bill?

Mr. PERKINS. Yes; \$100,000,000 of that comes from 30 percent of the customs receipts, which is a recurrent appropriation; and the balance of it was by annual appropriation by Congress in the last session. So we have that \$235,000,000.

We have available to us in addition to that whatever portion of the \$7,000,000,000 from the lend-lease fund is finally allocated for food.

Mr. WILLIAMS. How much of that has been allocated so far?

Mr. PERKINS. The amount that has been allocated so far is relatively small, because that is based on knowing that we have it available for shipment. But the estimates of the total amount of food or farm products that may be used under the lend-lease bill have run all the way from three to five hundred million dollars in a 15-month period.

Mr. WILLIAMS. Let me see if I understand your \$235,000,000 item. That is made up of two items. One is a direct appropriation. The other is this annual amount which you secure by reason of the 30 percent of customs duties?

Mr. PERKINS. Yes, sir. Those are the two sources of funds for the Surplus Marketing Administration.

Mr. WILLIAMS. During the last year how much of that has your Administration used? In other words, what has been your purchasing program during the last year?

Mr. PERKINS. Our total surplus removal program during the current fiscal year that ends July 1 will be \$235,000,000, the amount which is available to us. We will use all of it.

Mr. WILLIAMS. You have spoken about what you might do if you had money enough. What do you think the amount would be if you carried out the program suggested by this language that we are discussing?

Mr. PERKINS. That is a most difficult sort of thing to guess, because there are a lot of variable factors.

A year ago I think it would have cost a billion and a half dollars at least to take care of it. I should say today maybe five or six or seven hundred million dollars.

You see, one of the great intangibles is that rising farm prices, of course, might tend to curtail consumption to some extent. If on certain fruits and vegetables you raise prices to theoretical parity, I think we might become the buyers of 60 or 70 percent of the crop.

I don't know, for example, on some of these special crops, if you should raise the price, how many regular consumers would quit buying the products. I cannot answer that. But I should say that six or seven hundred million dollars would be required.

If parity were redefined so that you have reasonable prices for farmers, but not prices that possibly were higher than they themselves would think would be wise at a time like this, it would take less money relatively than at any other time because of greater purchasing power; and maybe another three or four hundred million dollars would do the job.

MR. WILLIAMS. You speak of redefining parity. Do you mean by taking a different base period?

MR. PERKINS. No; the problem is very difficult.

For example, in 1920 our production of citrus fruits, our production of prunes and pears and many vegetable crops, several of which I could mention, was relatively much smaller than it is now; and, because it was much smaller, the prices were much higher, and the products were not so widely used.

In the last 12 or 15 years that production has gone up enormously. Certain efficiencies have been introduced. I think we would have to get a different way of figuring parity. Perhaps taking a different base period, or something of that sort would help.

MR. WILLIAMS. Of course, I don't know how you figure parity now. I don't think anybody else does. I don't insist that it is necessary to go into that, because I don't think we can define it anyway so that we can understand it. I know what the definition of the word is, but I don't know how you take it. Do you?

MR. PERKINS. I know the basis on which it is figured. But I agree with you that it is very complicated, and any single arithmetical formula which arches over every crop produced is bound to result in an absurd situation for a few crops. And for those crops it would not make sense for the farmers or for the country to try to get a price that came out of a statistical calculation.

The University of California, for example, has tried to approach the thing in a different fashion. They have taken an average size farm and attempted to determine the cost of production on that farm, allowing the farmer, let us say, 30 cents an hour for his own labor.

I am not saying that that is an approach to it; but it is a more realistic approach than a hypothetical formula.

Surely it would be possible to arrive at some means of determining what would be a decent income for somebody growing winter pears that would be better than taking the same mathematical formula that might make sense with cotton or wheat or tobacco, but does not for the special crop.

MR. WILLIAMS. In speaking of these sustained prices being fixed or declared or announced, what would happen today if pork products had trebled or quadrupled during the next 2 years, and then the war situation should clear up and there were an adequate supply of them? Wouldn't the price naturally go down as low as 5 or 6 cents? Are you in a position to maintain it at 9 cents?

MR. PERKINS. We have from three to five hundred million dollars of lend-lease money which we know we have. Under those conditions we would certainly throw greater amounts of it into the prices that were most distressed. We would follow a similar policy with our domestic distribution program.

We felt, although, of course, there is a chance involved—there is no world where you have security—we felt that we could guarantee the farmers that this sort of price would hold.

But I know that if the war continues the problem is going to be to get enough of these products—to get enough dairy products, pork products, and probably poultry products. If the war should come to an end and the lend-lease money were not available to use for food, of course, it would be a chaotic period. But the way that I see it, speaking of the war coming to an abrupt end, if it does that it is going to be because Mr. Hitler has won it; and then we are going to have a lot to worry about that is a lot worse than these parity problems.

Mr. WILLIAMS. How does the 9-cent price on pork compare with the average?

Mr. PERKINS. Of course, the parity on hogs is around 9.40. Hogs today are just about at parity for the base period.

Mr. WILLIAMS. Have you in mind what the general run of that price has been, say, outside of the extraordinary period during the last war?

Mr. PERKINS. Since 1932, for example—hogs were in very bad shape in 1932—various programs, begun by this administration in 1933, raised the prices somewhat. Then the very bad droughts in 1934 and 1936 raised them a great deal more, because there was a shortage of feed, and feed was high.

Then the price in 1937 began gradually to decline, and the pig crop that was marketed in the summer and fall and winter and spring of 1940 was marketed at one of the lowest prices in history. Roughly it is nearly double that price now.

Mr. O'Neill's recollection might be better than mine on this, but I think that hogs brought as low as \$4.75 to the farmer. It might have been lower for some, but for a 225-pound hog it was roughly \$4.75 or \$4.80. And that is a pretty low price, about as low as any that they have ever experienced. That was as late as August, September, and October in 1940. Hog prices today are nearly double what they were 8 or 9 months ago.

Mr. WILLIAMS. And they are practically at parity?

Mr. PERKINS. They are practically at parity. Yes, sir.

Mr. WILLIAMS. I think that is all.

Mr. PATMAN. I would like to ask a question.

You mentioned about the cost of production being determined on certain farms in California. Didn't one of those farms happen to be a farm on which cotton is grown?

Mr. PERKINS. Yes. That was a confidential study which they made, but I think cotton was included in that.

Mr. PATMAN. Do you know what cotton production was determined for that?

Mr. PERKINS. I will be very glad to show you that table. I don't have that figure in mind right now.

Mr. PATMAN. I would like to know what it is.

Mr. PERKINS. We will give you the figures, Mr. Patman. The figure is nicely broken down in terms of arriving at your own determination as to the different elements entering into it, including the interest on investment and all the rest. You can disagree or agree on how they have it figured.

Mr. PATMAN. In this order wherein you have fixed the floor on certain prices for the purposes which you have given—and I think

there is good reason for what you have given—what were the products involved?

Mr. PERKINS. The products on which we indicated market supporting prices are butter, eggs, poultry, and hogs. Those were the products in the April 3 announcement.

Subsequent to that time we discovered in our daily talks with the British that they were going to need quite a considerable quantity of white beans, which are grown largely in Michigan, Idaho, and a few in California. We learned they could not use any other varieties of dried beans even though we already had a pretty large surplus of them.

So, in order to get the production on white beans which we knew we would need between now and next July, we asked the farmers who worked with the A. A. A. allotment to get a 35 percent increase in white beans for that period; and indicated that we would buy white beans at a price at least approximately equal to \$5 at the Atlantic seaboard with, of course, a freight differential from the point of purchase.

Mr. PATMAN. This order did not include whole milk or condensed milk or tomatoes?

Mr. PERKINS. No. In the case of dairy products the price of evaporated milk and cheese and even dried skimmed milk pretty much follows the price of butterfat. When we indicated that we would support the price of butterfat, we in effect would be doing the same thing for other dairy products.

What we did in the case of tomatoes was to indicate how many cases we wanted. Also, we put on quite a campaign through the A. A. A. county committeemen and extension service in the areas where they are grown commercially, indicating the increased acreage desired, the quantities that we wanted available, and the fact that in considering bids from canners we would allow for an increase of \$3 a ton over the grower prices of the year before.

Mr. PATMAN. On butter what price did you fix as the floor?

Mr. PERKINS. The price indicated in the press release was 31 cents.

Mr. PATMAN. Have we paid more than that since that time?

Mr. PERKINS. Since that time butter has been at 36 cents. We have bought roughly 22,000,000 pounds of cheese and 120,000 dry skimmed milk and about a million and a half cases of evaporated milk.

Mr. PATMAN. What about eggs? What price did you fix on eggs?

Mr. PERKINS. The price on eggs was 22 cents. It was about 22 when we made the announcement. Since that time it has gone up 1 to 3 cents above that.

Mr. PATMAN. What about poultry?

Mr. PERKINS. We have not bought any poultry.

Mr. PATMAN. What about price-fixing on that?

Mr. PERKINS. The reason we indicated a supporting price on poultry was to round out the supporting price for eggs. You can't have any great increase in egg production without at the same time increasing poultry. Also, we knew that the British could take some poultry meat. Such a price would encourage a sale of hatchery chicks for fall, which, of course, is going to give us eggs next winter and spring, and it is also going to increase the poultry too.

Mr. PATMAN. I asked you what was the price that you indicated.

Mr. PERKINS. It was 15 cents.

Mr. PATMAN. Fifteen cents a pound?

Mr. PERKINS. Yes.

Mr. PATMAN. What about hogs? Is that \$9?

Mr. PERKINS. Yes; \$9.

Mr. PATMAN. What about beef? You didn't include beef?

Mr. PERKINS. No. Beef is above parity. The British are buying beef from New Zealand and the Argentine and Australia. We cannot sell them any beef.

Mr. PATMAN. What disturbs me about this program or this parity price is that you can give a farmer a parity price and still he can starve. You can give him twice as much as parity and starve him to death if you cut down his production.

In my country I think it is due to machinery, and somewhat to the A. A. A. But the farmers there are getting larger and larger farms. During the last 10 years the average farm has increased almost 100 acres.

That is an alarming situation. I think it is due to machinery. But we have got to do something, I think, to help the family-size farm. Do you agree with that?

Mr. PERKINS. I agree with that from the depths of my soul.

Mr. PATMAN. I have been studying this thing a long time. It just makes my heart bleed to see these good people, some of the best people in the world, working for a dollar a day in the sunshine, and in the rain they have to go inside and they get nothing for that day. They get never over a dollar a day for hard farm work. The farmer cannot afford to pay any more than that, because the price is so cheap for his farm products.

The landlord cannot help them, because he is paying interest on the money. He has to pay the taxes and the houses and the barns and everything else. He is helpless too.

So they are all just almost on slow starvation, the way I view it; and something has got to be done about it.

I had a letter from a man yesterday who is one of the best citizens of the county where he is living now. He said he had just been hitchhiking all over the county trying to find a job at a dollar a day. He had a family. He couldn't find a job, except maybe for 1 or 2 days a week. Of course he couldn't live on that.

It occurs to me that we have got to do something; and we ought to do it right away in this bill right here, to let the head of the family, if he produces enough in the way of agricultural commodities, earn some money. If he can produce commodities in a given year at a certain price, he ought to be able to get a loan of that amount.

Would you be in accord generally with a program like that? In other words, to induce these landowners to use farm families, if he will, say, put up sufficient basic commodities in a loan to obtain a credit of, say, a thousand dollars a year? I might agree to much less than that. That might be a little bit of a risk for a farm family. Still this man who owns the land would be looking for good tenants, because he would get better rent that way. This man is going to be able to pay up to a thousand dollars if his crop production was a thousand dollars, and at the same time the renters would be looking for the best land that they could get.

Miss SUMNER. Do you mean cash; to give them cash?

Mr. PATMAN. Either cash or a loan.

Miss SUMNER. You mean lending them this money?

Mr. PATMAN. You are lending them this money to provide them with a living that accords with the American standard of living. The way it is now they don't have that.

It is absolutely cruel. Just take all of those men——

Miss SUMNER. But he hasn't anything to pay it back with.

Mr. PATMAN. They get money on these commodities. I look on this as really a social question as well as an economic question. If it is, we should provide in this bill for them to make a living.

Now, it is just cruel to cut down this production and let the big fellows who own the land profit by it, and the people who have always done the work in this country, who have cleared this land, who have lived on it, be put off, with nowhere to go, and nothing to do. I think that is a cruel situation. And I don't know of any other way to correct it except to have a certain amount that each farm family can secure at a fair price if they get out and work with their hands and produce enough to get it.

Isn't that the principle in that act, Mr. Perkins?

Mr. PERKINS. Well, the principle of using our resources to the fullest. That is really what you are saying; it is a human matter. We all want to do all we can to have a better standard of living. It is certainly something to which I thoroughly subscribe.

If, however, these people produce commodities for which there is no market, then I think that by encouraging continued production of these surpluses we would be defeating our objective, and the thing might explode in our faces.

Mr. PATMAN. But as to these poor people, I don't care what explodes in their faces, they couldn't be any worse off than they are now. It is just about as bad as it could possibly be.

Suppose you own a big farm and you are getting 13½ or 14 or 15 cents a pound for cotton. You are going to get a fellow on your place to work for a certain amount per day. You are not going to let him work like he would want to work as if he was a tenant. You are going to pay them day wages. Then the first thing you know you will be getting all the machinery that you can. It is just perfectly natural for you to do that.

That is what they have been going for 10 years. It is just running these poor people off the farms. They have no place in the world to go. I think it is one of the most serious domestic problems that we have.

Miss SUMNER. That may have been established about cotton, but it has never been established about hogs.

Mr. PATMAN. What is that?

Miss SUMNER. That machinery would be a cheaper way of producing hogs.

Mr. PATMAN. Of course not.

Mr. PERKINS. There is a gradual mechanization of the Corn Belt, mechanical corn picking, which on a certain size farm makes it cheaper to raise hogs.

Mr. PATMAN. It doesn't work that way.

Miss SUMNER. You may be right about cotton. You are not right about hogs.

The reason that we have larger farms in the place where I live is this: You go to a bank and you want to get a loan. They will say,

"How much are you going to farm?" You say, "100 acres." They will say, "No. Unless you can rent 160 acres, we are not going to lend you the money, because that is not a profitable size farm." That is why they are getting larger farms.

Mr. PATMAN. That is not the kind of problem that we have in our section of the country in the South. This is the actual problem that we have: I have seen it down there.

During these A. A. A. payments you can go out and lease just as much land as you want. You can lease all the land that you can get in your community. Then you can hire people to work on that land at so much a day. The people that do the work are the actual farmers. You can get enough out of the Government through the benefit payments to actually pay for everything that is produced.

So, whenever you put that kind of inducement up to people——

Miss SUMNER. That is different from the cotton situation.

Mr. PATMAN. You mean corn?

Miss SUMNER. Yes.

Mr. PATMAN. Whenever you give people that inducement, they are going to take advantage of it. That is perfectly natural. The result is that there are millions of people on slow starvation on account of it.

I have prepared an amendment which I would like to insert in this bill. At least, I would like to have it considered in connection with this bill. It reads:

Provided, That the head of each farm family shall be permitted to obtain loans aggregating \$1,000 per year on any of the basic agricultural products upon which loans are made by the Commodity Credit Corporation.

The thought behind that is this: If they want to grow anything except just cotton at so much a pound, they can get a loan on just cotton, and they will get a thousand dollars, and that is all that they can get. If they want to grow half wheat and half cotton, they can do that. If they want to grow one-third cotton and a third wheat and a third something else, it is all right. In other words, let them grow basic agricultural commodities sufficient to enable them to get a thousand dollars a year if they work for it, if they get it and work for it and produce it.

What do you think about a proposal in that direction, Mr. Perkins?

Mr. PERKINS. I think that the economic condition that you have pointed out, of farms getting bigger and bigger and the farmers having a tougher and tougher time of making the grade, and the rural poverty that results from displacing the farmers who cannot get good land and get a decent income off of their products, is one of the gravest problems that faces the Nation.

Now, as to whether or not the way to solve that problem is to produce more cotton than we now have, when we already have 13,000,000 bales that we don't quite know what to do with, or whether we ought to try to find other work opportunities and perhaps make incentive payments for products in some of those other lines that we need, is a matter that is a little extraneous to this particular point.

I personally would not favor using production resources to produce something that we do not need. I would think we ought to be using our ingenuity to find out what we can produce that we do need.

Mr. PATMAN. You say you would put the brakes on just a little bit by cutting the big fellow down so that he could obtain loans up to a certain amount.

Mr. PERKINS. Of course, the problem that you describe is a critical one.

Mr. PATMAN. I am talking about commodity loans.

Mr. PERKINS. The problem that you are describing is critical, because the big operator is getting all the advantage. The other day I was looking at some cotton figures for 1932. The production of cotton in California has gone way up since 1932. So has it in Arizona and in New Mexico.

In those three States we produced three-quarters of a million more bales of cotton on those big corporate farms in Arizona, California, and New Mexico in 1940 than we did in 1932, and a part of that is due to the advantages of mechanization.

You talk about the cost of production on cotton. You can grow cotton for a lot less money on irrigated land with day laborers in California than you can grow it in the Southeast, where you have these struggling individual farmers.

This whole problem of getting anything like what we think of as the American standard of living for the American farmer is so complicated and there are so many ramifications to it——

Mr. PATMAN. I know, but that is not any reason why we should just push it aside, because there are ramifications. We should certainly be sympathetic with these people, and I know you are.

Mr. PERKINS. I certainly am.

Mr. PATMAN. There must be some point that we should assure them that they can get money up to that point if they produce the goods. If it is but \$200 a year, it is better than now. Certainly they are entitled to that.

I think that we should put into this bill a provision that the farm family would be allowed to get so much money, whether it be a thousand dollars a year or \$500 a year or \$250 a year. But there should be some point that they should agree upon that the farm family should be allowed to get that much money if they work for it.

Mr. PERKINS. I would think that it would be a better proposal on cotton if we follow Chairman Steagall's idea of, instead of making a loan on cotton, which cannot do anything except increase the heavy stocks that we have on hand, having some amount of money which could be used for buying cotton by all the poor families that he spoke of who lack cotton goods. I think it would be more sensible.

Mr. PATMAN. That is one way of doing it. But you take the big operator, instead of letting him put 100 bales or 1,000 bales in the loans through the Commodity Credit Corporation, you could just cut him down a little and carry this individual farmer. Whenever you do that, he will have to have farm families running this farm. You encourage the use of farm families.

Don't you think that we ought to allow a farmer to produce enough to make a decent living?

Mr. PERKINS. I would love to see a world like that.

Mr. PATMAN. A farmer is not going to make a decent living, it seems to me, except you do something like that.

Miss SUMNER. I can't see why you are always talking about the farmer getting more land. The automobile manufacturers keep on getting bigger and these other industrialists all over the country. And yet you don't want a farmer to be any bigger than a peasant farmer.

Mr. PATMAN. I am looking upon the farm business as a social problem.

Miss SUMNER. A lot of these people who came over from Europe have set to work and grown bigger to the point where now they can leave their children \$40,000 apiece when they die. I think that is one of the greatest incentives that there are in this country. I don't think that we ought to prevent the farmer from doing that same thing.

Mr. PATMAN. I wouldn't want to prevent him from doing that.

Miss SUMNER. If you are really interested in the farmer, you are not going to keep him on a little farm. You are going to let him get more land if he wants to.

Mr. PATMAN. You and I are looking at this from entirely different standpoints.

Miss SUMNER. I don't want to see peasant farmers.

Mr. PATMAN. This is a social problem as well as a farm problem.

Miss SUMNER. We have a lot of poor people.

Mr. PATMAN. Which one of us has the floor here now?

Miss SUMNER. I don't know.

Mr. PATMAN. Well, go ahead.

Miss SUMNER. No; you go ahead.

Mr. PATMAN. You are speaking of profits now. I am considering the social problem involved in this solution of the economic problem. But while we are dealing with the W. P. A. and relief and helping people we should consider that in connection with the farms.

Miss SUMNER. You are talking about a thousand dollars. To us that is a lot of money.

Mr. PATMAN. I think we could agree to a lot less than that. But we should have a certain amount. We should allow them to earn something for their work. Don't you agree with that?

Miss SUMNER. Yes. But I don't like to penalize a man just because he has ambition.

Mr. PATMAN. Neither do I.

Miss SUMNER. I don't like to see you slug an ambitious man who is trying to get ahead.

Mr. PATMAN. No. We won't retard the efforts of the fellow who is ambitious.

Mr. CRAWFORD. You speak of the fellow who works. Suppose you run into the situation where two or three millions of skilled, semi-skilled, and unskilled workers, who are ready and willing to work, cannot find a thing to do. Would you also grant them credit while their productive ability is present but not exercised?

Mr. PATMAN. You mean as laborers and workers?

Mr. CRAWFORD. Yes.

Mr. PATMAN. You have to take care of them in these communities. The W. P. A. workers make a lot more money than these farmers do.

Mr. CRAWFORD. I know; but suppose you run then into the point where there is no more W. P. A. work to do, or where there are so many of these ready and willing and capable employable persons but there are no jobs whatever available. Would you go a step further and grant them what might be termed social credit in the form of a loan against their potential productive ability as we grant the loan to the farmer who produces something for which there is no demand?

Mr. PATMAN. In the one case the farmer has actually produced something. He has worked with his hands. He has produced some-

thing that is of value. In the other case he has the potential ability, but he is not privileged to exercise it.

Mr. CRAWFORD. That is right.

Mr. PATMAN. I would give him a certain amount of social credit to keep him from starving. If he has no way of earning a living, I would be willing to give him a certain amount.

The CHAIRMAN. The loan has got to be made on products. It is not a question of the big fellow producing all the effect. All the cotton that is thrown on the market affects the price just the same, no matter whether the big fellow produces it or the little fellow.

Mr. PATMAN. I agree with you.

The CHAIRMAN. I think it is a mighty important thing, and I think it is a thing that is well worth considering.

Mr. PATMAN. This is where they get the money, if that is what we are willing to have——

The CHAIRMAN. I have always thought like that.

Mr. PATMAN. I think that we should permit them to obtain money through these loans up to a certain amount that will insure them at least an opportunity to live and to have proper food, if not proper clothing and shelter.

Mr. MONRONEY. Right along that line of this being a social problem, what good has the Farm Tenancy Act and the Farm Security Act done?

Mr. PERKINS. I personally think that they have done a great deal of good. I think that they could have done a lot more good if there were more funds with which to operate. But I think that Farm Security has done a very good job with some of the low-income farmers.

Mr. MONRONEY. Do you know how much money has been spent along that line? Is that within your knowledge?

Mr. PERKINS. Yes; they have loaned several hundred million dollars.

Mr. MONRONEY. That is along the very line that Mr. Patman just suggested. It has a social implication in it as well as an economic one.

Mr. PERKINS. Yes.

Mr. MONRONEY. Along the line that Mr. Patman was talking about. That agency has already been created and operates along that line.

Mr. PERKINS. I think it has run about 800 million dollars in total activities for the period of its life. I think the Farm Security Administration has done an excellent job with the low-income family-size farmers in trying to get them on their feet and to help them along.

The way in which the farmers themselves have responded with a little credit and a little help is a thrilling story.

Mr. MONRONEY. It seems to me that that is the principle that is involved in the amendment that we are talking about. That is a direct Government subsidy, if you want to call it that; but it is making loans on character as security.

Mr. PERKINS. And yet their percentage of collections is remarkable.

Mr. MONRONEY. I understand. The percentage of repayments has been wonderful.

Mr. PERKINS. As a matter of fact, what they have done has been to prove that the old-fashioned country banker who made character loans knew what he was doing, because they have lent money to fellows who didn't have a nickel. All they had was the will to work. They have helped them get a good farm. They have come along, until now they have good assets, they have money available, and they have been made better citizens. I think that the work down on the farms has had some very excellent results.

Mr. MONRONEY. It seems to me that you would want to enlarge the scope of activities of those agencies rather than amend this bill to do something else.

Mr. PERKINS. There is one aspect of the commodity credit bill that I would like to call to your attention. After having talked to the Secretary of Agriculture about this, I would like to mention it to you. It deals with the five basic crops and a proviso that they could not be sold at less than full parity.

Now, here is the difficulty of the situation: The President indicated when he signed the 85 percent parity loan bill that he wanted the farmers to get parity; but he wanted that parity to be 85 percent parity loans plus parity payments plus A. C. P. payments.

Now, if a proviso were put in the bill which would permit, after the farmer had gotten that other loan and the payment, the resale of any of these crops, then by indirection that would be giving the farmer more than parity. Whether it is a matter on which you might want to call Mr. Evans, I don't know. After having talked to the Secretary about it, I simply want to make the point for the record for the Department of Agriculture.

Mr. CRAWFORD. Let me ask you one question. To raise money to obtain parity the prices of practically all farm products would have to be raised, would they not? Do you understand the question? I will repeat the question.

Mr. PERKINS. I understand the question. Let me say this: One of the great difficulties that I have had in trying to answer questions is that you ask blanket questions on parity price, and what immediately comes to my mind is one crop where a parity price makes sense and another crop where it doesn't. It is sort of difficult to answer. If you could say whether you mean parity price as now computed or parity as perhaps we define for some of the specialized crops, it would be a little easier to answer. But as the question is asked I don't know which you have in mind. I am not requesting that it be asked either way. I just want to know which definition you have in mind for parity price.

Mr. HULL. I would like to ask you some questions, following up what Mr. O'Neill said when he spoke about this purchase security program.

You speak about the price of condensed milk and cheese. I understand from the paper that these people on relief are not getting butter any more. Is that right?

Mr. PERKINS. We took butter off of our list of surplus commodities; yes.

Mr. HULL. Is that because there is not sufficient butter or because the price has gone up too high?

Mr. PERKINS. That is because we feared that with the drought coming on and the difficulty of stepping up dairy production rapidly,

we were not going to be able to get dairy products which we know Britain wants.

I would like to add for the record that it is with the greatest reluctance that I have done this, because I think it is too bad that the people of this country who have to make sacrifices to give Britain food are our very poorest people. Everybody who knows what I have stood for by way of expanded consumption would not have to use very much imagination to know the reluctance with which I did that.

I wish there was some mechanism by which I could give them a part of that butter instead of making the poorest people in the country do without it. But we were faced with a critical job. It may be possible to put it back later on if weather conditions improve.

Mr. HULL. Have you purchased any cheese from these farmers?

Mr. PERKINS. Yes.

Mr. HULL. In purchasing cheese have you made any for people on relief?

Mr. PERKINS. With the limited amount of money that we had we didn't buy much. If you will remember, last June you and I had a talk about that. We bought some cheese for school lunches.

Mr. HULL. But otherwise you have bought no cheese?

Mr. PERKINS. We spent most of our money on butter, because I think it is generally agreed that you can get a better effect on farm income if you raise the price of butter fat.

Mr. HULL. One more question about the butter market. You did say that you proposed to buy about 468 carloads of cheese altogether for consumption?

Mr. PERKINS. We hope to buy by June 30 of 1942, 250,000,000 pounds of cheese.

Mr. HULL. That would be approximately one-half of the total cheese production?

Mr. PERKINS. No. The total approximate production of cheese in the United States is 780,000,000 pounds. The American or Cheddar type of cheese was about 700,000,000. So that that 250,000,000 pounds is roughly 30 to 40 percent of the total production in 1 year, whereas we shall be shipping the cheese over a 15-month period.

Mr. HULL. I understand that the Argentine is preparing to go quite heavily into the production of cheese.

Mr. PERKINS. Yes.

Mr. HULL. And New Zealand is already in. They have a surplus of cheese in the Argentine and in New Zealand. Now, at 36 cents a pound, butter can come in, and is coming in from the Argentine, delivered at 20 cents here, plus a tariff of 14 cents. So, if the price goes any higher, you will have the matter of foreign competition from butter coming in from the Argentine. At the same time there are some 40,000,000 pounds of butter available for shipment at once from New Zealand, which can come in at 36 cents a pound.

Now, you have been purchasing 936,000 pounds of oleomargarine.

Mr. PERKINS. I can answer the question and I will answer it frankly, although we are not supposed to give British information of this sort.

The British are taking their butter from New Zealand. This oleomargarine went to North Africa. It was put in tins. There were not any refrigerator ships for it, and they wanted it. That is why we bought it.

Mr. HULL. Are we going to ship any butter?

Mr. PERKINS. No; I don't think we are going to ship any butter to Britain, because Britain hopes to be able to keep her supply lines on butter open from other quarters.

Mr. HULL. Then, if we take this butter away from those on relief, why should we permit the importation of a million pounds of butter from the Argentine and other countries at 20 cents a pound? Why should we permit that at the same time we are depriving our poor people of the benefits of butter consumption?

Mr. PERKINS. I never mind this kind of criticism. I think it is better that we get this kind of criticism.

We had to do it. We were faced with a critical problem as to the whole-milk supply. Whether whole milk goes into butter, cheese, or ice cream is not important in terms of the whole-milk supply. I am concerned about the total whole-milk supply. So is the Department.

Butter was taken off the stamp plan because we cannot buy dairy products any where near fast enough to give Britain the delivery for which she is screaming and which we know she needs critically.

As a matter of fact, we hope to bring about a diversion of a good deal of whole milk, if we can get a certain production, to cheese and evaporated milk. And we hope that by the use of a different technique than we are now using we are only going to need as much more butter in this country as the rise of purchasing power makes necessary. What we really need to increase the production of, is, of course, whole milk. Then we need it processed largely into cheese, dry skim and evaporated milk.

Mr. HULL. Suppose that you had some cause to think that the market would get into the situation where the farmer could get a real parity price.

Mr. PERKINS. I think we will have to use horse sense as we go along. We thought of corn for feed at the time we made this announcement. You know, the Department permitted farmers under A. A. A. regulations to raise their corn production as much as 40 percent. That was done primarily to help the dairy people.

Mr. HULL. Done to help the dairy people, but at the same time it is all for farmers inside the Corn Belt.

Mr. PERKINS. There is a lot of corn raised for silage, and under the A. A. A. program they could not have planted it. So that we were in the critical spot of wanting more dairy production and having the dairy farmers say to us, "Your corn acreage allotment prevents it."

As a matter of fact, the situation was somewhat critical in Maryland and Pennsylvania. The thing didn't make sense. Therefore, as a part of this whole announcement, the Secretary announced taking the lid off to increase corn production to the tune of 40 percent. That was done, of course, for the sole purpose of helping the dairy farmer increase silage production, because in your commercial milk area, we had enough corn in the granaries and the supply of corn was not the problem.

Mr. MONRONEY. You said this morning that 75 percent of farm products were not in the five basic commodities in the loan. What are the principal crops and what percent do they represent? For instance, butter, eggs, poultry, pork, you have mentioned before, and potatoes. Wouldn't that probably account for about 75 percent of the 75 percent included under basic commodities?

Mr. PERKINS. Yes; I filed a table with the Senate Appropriations Committee when we had our hearing on the Surplus Marketing Administration, listing a group of commodities other than the five basic commodities accounting for about 70 percent of farm income.

Beef, of course, is a big one. Poultry is also big. I think it was around a billion dollars, although it is scattered over a lot of little farms. Then all these various vegetables and specialized crops come in. And dairy products, of course, are quite a good sized chunk of it.

The exact figures are in that table. The ones that you mentioned account for the bulk of it.

Mr. MONRONEY. In the Senate hearings?

Mr. PERKINS. Yes; in the Senate hearings this year on the S. M. A. appropriation.

The CHAIRMAN. We will adjourn now until tomorrow morning at 10:30.

(Whereupon, at 4:30 p. m., an adjournment was taken until Friday, May 30, 1941, at 10:30 a. m.)

CONTINUANCE OF COMMODITY CREDIT CORPORATION

FRIDAY, MAY 30, 1941

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

The committee met at 10:30 a. m., Hon. Henry B. Steagall (chairman) presiding.

Members present: Messrs. Steagall, Williams, Spence, Brown, Patman, Gore, Mills, Monroney, Hull, Crawford, Kean, Miss Sumner, Messrs. Smith and Dewey.

Mr. STEAGALL. The committee will come to order.

Mr. O'Neal, the president of the American Farm Bureau Federation, is the first witness this morning.

I am sure it is not necessary to introduce Mr. O'Neal to this committee. Mr. O'Neal, the committee will be glad to have you discuss the bill we have under consideration.

STATEMENT OF EDWARD A. O'NEAL, PRESIDENT, AMERICAN FARM BUREAU FEDERATION

Mr. O'NEAL. Mr. Chairman, I deeply appreciate you having us appear before the committee this morning, on a holiday, but this is a very serious matter for the farmers of the United States.

My name is Edward A. O'Neal; I am president of the American Farm Bureau Federation, with headquarters in Chicago, Ill., and with an office in Washington, in the Munsey Building.

This bill provides for an indefinite extension of life of the Commodity Credit Corporation and expands its maximum borrowing capacity from \$1,400,000,000 to \$2,400,000,000. We heartily approve and endorse these proposals. It may be necessary to extend the maximum borrowing capacity of the Corporation somewhat more than it is proposed in this bill. If so, we hope the committee will give the Corporation adequate authority to cope with any situation which may arise. It should be borne in mind that this authorization is for the financing of loans on commodities and does not represent a gift from the Treasury.

The fact is, the operation of the commodity loan program of the Agricultural Adjustment Administration has been an outstanding success and the actual losses thus far have been very small. I quote the following statement from the 1940 annual report of the Commodity Credit Corporation:

The actual losses incurred by the Corporation, that is, the losses realized upon the disposal of commodities, have amounted to only about 26 million dollars during the 7-year period of the Corporation's operations beginning in 1933.

Congressman Gore, of Tennessee, who is a member of this great committee, has proposed the following amendment:

Provided further, That no funds authorized under this act or otherwise available to the Commodity Credit Corporation shall be used for the purchase of agricultural products at a price which is below parity; nor shall they be used for the purpose, or to the effect, of preventing, through sale of commodities or otherwise, any commodity from reaching parity.

We favor the objectives of the Gore amendment.

We should bear in mind that the Commodity Credit Corporation has very broad powers under its corporate charter.

Under its charter, which is under the laws of the State of Delaware, the Corporation is empowered to buy and sell, lend upon, or otherwise deal in commodities, agricultural or otherwise. It may also engage in handling, storing, processing, transporting, and other types of business activity concerning such commodities.

While the charter powers of the Corporation are exceedingly broad, specific statutory restrictions have been enacted.

In accordance with the precedents already established, we are asking Congress to place further statutory restrictions which will carry out the parity policy of Congress.

The issue raised by the Gore amendment is very clear. That issue is whether the parity objective is to be a reality for American farmers or whether it is to be merely an illusive mirage constantly dangled before the eyes of farmers but which they are never permitted to attain.

The Congress of the United States has again and again declared as its policy that the prices and income of farmers should be restored and maintained on a basis of parity with industrial wages and industrial prices. For 20 years we have been striving to reach this goal. This year Congress, by the largest majority ever given to a fundamental piece of farm legislation, amended the commodity loan features of the A. A. A. so as to assure the producers of the five basic commodities of full parity on their current production by means of mandatory 85 percent commodity loans which, together with available conservation payments and parity payments, will assure 100 percent of parity returns for the producers of these five commodities. We interpret this action by Congress as a determination on its part to redeem its pledge to American agriculture and to carry out the parity policy, which it has so often declared. We wish to commend in the highest terms this action by Congress.

It is, therefore, entirely appropriate and it is imperative for the welfare of agriculture to modify the operations of the Commodity Credit Corporation in a way which will fully carry out the parity objective of Congress.

The action taken on the 85-percent parity-loan bill takes care of the five basic commodities only. The American Farm Bureau Federation takes the position that we must have a program which will assure full parity not only to the five basic crops but to all American agriculture. Many people do not realize that the A. A. A. of 1933 established a parity-price goal for all agricultural commodities, and that this portion of that act has not been invalidated by the Supreme Court.

In order to safeguard the effectiveness of the action already taken on behalf of the five basic crops and to safeguard the parity position

of the producers of other crops, we respectfully submit the following recommendations, which we earnestly hope will be made effective by Congress in 1941:

1. Whenever the Federal Government asks producers of any agricultural commodity to expand their production to meet the national emergency and establishes minimum prices to stimulate production for this purpose, commodity loans at 85 percent of parity should be made available by the Commodity Credit Corporation, and no purchases of agricultural products should be made by the Surplus Marketing Administration or the Commodity Credit Corporation at less than 100 percent of parity prices, and no sales should be made of these commodities at less than parity prices for farmers, except for export or relief.

2. Require the Commodity Credit Corporation not to sell or otherwise dispose of commodity loan stocks at less than parity prices except for export or relief.

3. Require that all purchases by the Surplus Marketing Administration be directed toward the restoration of parity prices and that no purchases be made at less than 85 percent of parity whenever marketing quotas are in effect. No commodities purchased either by the Commodity Credit Corporation or the Surplus Marketing Administration should be released for disposition in domestic markets except for relief at less than parity prices.

The purpose of these recommendations is to safeguard the parity position of American agriculture and to prevent the use of Government funds either by the Commodity Credit Corporation, the Surplus Marketing Administration or the Federal Surplus Commodities Corporation in such a way as to depress prices or hold prices below parity levels; but, instead, to utilize these funds as far as possible, to help raise farm prices to parity.

With respect to commodities, of which the Government is asking farmers to increase their production in order to provide an adequate supply, there should be no question of surpluses, and, therefore, no reason why the Government should not, through its purchase program, put a bottom under farm prices at parity levels, thus giving agriculture equal treatment with industry and labor under the defense program.

The Government is asking the producers of a number of commodities to expand their production as a part of the national defense program to assure ample supplies of food to the United States and Great Britain. Farmers are ready to produce all of the food and fiber that is required not only for our own use but for Great Britain and her allies. The fact is that enormous supplies are already in existence. The farmers will produce food and fiber just as cheaply as labor and industry will produce other defense goods. Obviously, it is unfair to place industry on a cost-plus basis and let the sky be the limit on industrial wages and at the same time demand that farmers alone produce at bargain prices below the cost of production. Farmers are against profiteering—either by industry, labor, or agriculture. All the farmer asks for is equality with other groups. Prices of agricultural commodities are far below parity with industrial prices as shown by the attached table. [See exhibit I.] The wages of industrial labor are far above farm parity levels, as shown by the attached table. [See exhibit II.]

The farmers are being called on to expand their production of food but the minimum prices set to encourage this are below parity. In

order to play fair with farmers, these prices should be established and maintained at parity.

While prices announced are to be considered as minimum, a supplemental statement issued by Mr. Leon Henderson and Miss Harriett Elliott informs that large surpluses of these commodities are going to be built up and that these will be dumped on the market, if necessary, to hold down prices to protect consumers. Parity prices are fair to both producers and consumers. Supplies built up under the programs announced to aid Great Britain and her allies should not, under any circumstances, be dumped on the domestic market to reduce prices below parity.

It is obvious that such a vast concentration of purchasing power in the hands of Government agencies, such as the Surplus Marketing Administration, the Commodity Credit Corporation, and under the lease-lend program, gives them the power to wield a far-reaching influence upon the prices of agricultural commodities. In fact the concentration of this purchasing power can make or break the market for any agricultural commodity in America. As things now stand, the American farmer has no protection as to what the price policy of these agencies will be, with the exception of the mandatory 85 percent parity loans which will be in effect for 1941.

Unless such protection is provided, farmers are headed for grave disaster, which may make the farm depression which followed the World War look small by comparison. When we entered the last World War, farmers, at the request of the Government, greatly expanded their production. At the end of the war, these surpluses were dumped on the market without regard to the effect on the farmer. As a result, agriculture suffered a staggering blow from which it has never fully recovered, and for 20 years American agriculture has been paying the price. We must not repeat this tragic mistake.

Inasmuch as some commitments have already been made and announced with respect to existing stocks of corn held by the Commodity Credit Corporation, so that these stocks can be released to feeders during the rest of the current marketing year, we recommend that the parity policy with respect to loan stocks of the Commodity Credit Corporation become effective at the beginning of the marketing year for each commodity during the calendar year 1941 and thereafter, that is, crops to be harvested in 1941.

We recognize that the operations of the Surplus Marketing Administration normally are not given consideration by this committee, but because of the fact that the Surplus Marketing Administration is now engaged in a far-reaching program of purchasing surplus agricultural commodities with the use of Commodity Credit funds, and because of the close relationship existing between these purchase policies and the other surplus buying policies of the Surplus Marketing Administration, we believe that action should be taken at this time by Congress on the whole surplus purchase policy. This question involves a very fundamental issue, namely, whether the large funds supplied by Congress are to be used to carry out the parity policy of Congress or whether they are to be used to defeat the policy of Congress. The present policy of the Surplus Marketing Administration, if there is any consistent policy, apparently is to buy as cheaply as possible.

I want to pause there. That is what the farmers of the United States chiefly resent.

Again and again when producers of farm commodities have been in terrible distress due to price demoralizing surpluses, the Surplus Marketing Administration has refused to buy these surpluses above the prevailing market price, no matter how low that price was. This policy of buying at starvation prices far below the price of production, does not carry out the policy of Congress for which these funds were appropriated. The effect of this kind of a policy is to hold down prices instead of raising prices to parity, and such increases in prices as do occur tend to benefit the processor, the handler, and the speculator more than the farmers.

Apparently the present policy of this agency is to depend upon getting an increased volume of farm products into consumption rather than to raise farm prices to parity.

The parity position of agriculture can be protected only through fair prices; increased volume alone will not do it.

This fact is shown conclusively in a recent study by the United States Department of Agriculture, which states:

During the last 30 years total per capita consumption of food products has remained fairly stable in the United States with but two significant recessions. (From Consumption of Agricultural Products, Bureau of Agricultural Economics, March 1941.)

I might say that I would like to go into that bulletin later on, but it does not vary in that 30 years' time, even in the time of prosperity, more than 10 percent which we consume of various agricultural commodities, perhaps a little more than that, with 1,880 pounds of food-stuffs, even of substitutes, in the depression year 1921, and in the terrible depression years of 1930 to 1932, we consumed less, but there was less than a 10-percent variation in the consumption of food.

Thus, during this 30-year period, despite wide fluctuations in the prices of food, the total per capita consumption has remained practically the same. This makes it evident that if the farmer is to attain parity, he must have parity prices.

The newspapers have reported recently that legislation is being prepared to freeze all prices. If this is done, at present price levels, it would work an irreparable injury to American agriculture. It, therefore, becomes imperative to take immediate steps to put a bottom under farm prices and to carry out a program which will assure parity.

Frankly, farmers are troubled greatly by the consumer influences within our Government, which have been opposing the farmers' efforts to obtain parity. Despite the clear-cut parity goal outlined by Congress and approved by the President and the Secretary of Agriculture, we are met with these subversive forces against the farmer within the administrative halls of Government which seemingly are seeking to thwart the efforts of Congress and this Administration and to sacrifice the American farmer for the benefit of the consumer.

These consumer influences have aroused the concern of stalwart friends of agriculture in Congress. Congressman Clarence Cannon, of Missouri, a valiant fighter for the rights of the farmer, commenting on the floor of the House, following the passage of the 85-percent parity loan bill, stated that it—

specifically recognizes and reaffirms the principle of parity prices and the adoption of the 1909-14 purchasing power of farm products as the standard and yardstick

of agricultural equity. In recent months there has been an organized attempt by those who seek to exploit agriculture to sabotage this long-established unit of measurement, and the passage of this bill, providing loans at 85 percent of parity, by such unusual majorities in both Houses, now establishes this basic principle beyond possibility of cavil or dissent.

Mr. Cannon further declared:

Officials should take into consideration the fact that the Department of Agriculture is made for the farmers and not the farmers for the Department of Agriculture, and if the Department of Labor is in need of a few selected dictators guaranteed to look after the interest of the consumer to the exclusion of every other consideration, the American farmer could probably be prevailed upon to send over a few who have demonstrated exceptional talent in that direction in their efforts to keep the price of farm commodities below the cost of production.

In a statement on the floor of the Senate on May 14, Senator Bankhead, an able and fearless champion of the cause of the farmer, said in part:

As we know, there are in the Department of Agriculture, a Department which should represent the farmers to help them get a fair deal and obtain justice, some theorists who assert that they are representing the consumer and not the farmers. Every one of them should be eliminated from the Department of Agriculture.

While I was in the city of Washington on May 12, the day before the House of Representatives passed the 85-percent bill, I was amazed and dumbfounded to read in the Washington Post that morning, in a newspaper article attributed to officials in the Department of Agriculture, a statement that this bill would cause an increase of 10 to 20 percent in consumer prices for meats, dairy products, eggs, and poultry. I do not know who made this statement, but it was grossly inaccurate. The truth is, the increased cost to the consumers of this legislation is so little as to be inconsequential in amount. Yet on the eve of congressional action on this legislation, we were confronted with such propaganda, obviously designed to influence public sentiment against it. This misleading information, attributed to the Department of Agriculture, was picked up by the metropolitan press all over the country.

I agree fully with comments of Congressman Cannon with respect to this statement:

No department of the Government has ever called attention to the effect upon the consumer when labor legislation, or coal legislation, or oil legislation, or tariff legislation, or transportation or banking legislation was before either branch of Congress. It is only when the farmer, whose prices are the last to rise, the first to fall and apparently the only prices to be pegged below parity when the general stampede starts, that the consumer is mentioned or considered—the consumer who is himself gouging the farmer for all the traffic will bear. This release from the Department of Agriculture at this critical time is not only unfair and unethical but wholly inaccurate.

Again, when we come before this committee to ask you gentlemen to approve additional legislation to protect the parity position of agriculture, which has been the goal of this administration and of Congress for the past 8 years, we are again met with attempts to sabotage this principle and open threats by governmental employees that they are going to “crack” any such proposal. All this emphasizes the imperative necessity of the elected representatives of the

people in the Congress making certain by law that the administrators of the farm programs carry out the declared policy of Congress.

I am well aware of the many excuses that are offered for not carrying out these recommendations to assure parity to agriculture. One of the most frequent excuses is that "We don't have enough money."

I heard that repeated again and again here yesterday.

One reason the Surplus Marketing Administration does not have enough money for this purpose is that it is using such a large portion of its funds for the stamp plan. According to a statement inserted in the hearings of the House Appropriations Committee by the Administrator of this program last January, a total of \$125,000,000 is being used for the food-stamp plan and \$8,000,000 for the cotton-stamp plan—a total of \$133,000,000 out of the total appropriation of \$235,000,000. No wonder they do not have enough money to take care of the farm-surplus problem.

The stamp plan is a relief program and it helps the consumer, the processor, and the handler. It costs 88 cents of every dollar expended in the cotton-stamp plan to move 12 cents worth of cotton into consumption. Assuming that the farmer gets on the average 40 cents of the consumer's food dollar—it costs 60 cents out of every dollar expended on the food-stamp plan to move 40 cents worth of food into consumption.

Many have concluded that the food-stamp plan has increased the consumption of food. The Bureau of Agricultural Economics, however, reports:

In this connection, it should be noted that the food-stamp plan of distributing surplus foods may contribute to some extent to an increase in consumption. To date, it is practically impossible to indicate its significance as a factor in total or per capita consumption.

We favor continuance and expansion of the stamp plan, provided the funds for it are obtained mainly out of relief appropriations. We have recommended that all of the tariff revenue, instead of 30 percent, as now provided, be made available to provide a permanent source of funds for the disposal of farm surpluses.

Another frequent excuse is that the parity prices for certain commodities are not fair and just, due to changes in conditions that have taken place in recent years. This is not a valid objection against the proposals which we are recommending. We do not contend that the present parity goals are equitable for every commodity. In fact, we know that some of them are not. The Department of Agriculture should furnish the facts to Congress on which to make such readjustments as are necessary to give equality to agriculture.

The situation confronting farmers is urgent, gentlemen. It is imperative that Congress lay down fundamental policies to protect the parity position of agriculture at the earliest possible date. We, therefore, respectfully urge this committee to take quick action along these lines.

EXHIBIT I

PARITY PRICES OF SELECTED INDUSTRIAL COMMODITIES PURCHASED BY FARMERS, DEC. 15, 1940

Commodity	Unit	Base retail price to farmers, 1910-14	Parity price Dec. 15, 1940 ¹	Actual retail price to farmers Dec. 15, 1940	Actual as percentage of parity
		<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Percent</i>
Mower, 5-foot.....	Each.....	47.76	48.24	97.14	201
Binder, 7-foot.....	Each.....	138.00	139.00	259.00	186
Paint, ready-mixed.....	Gallon.....	1.94	1.96	2.85	145
Lumber, rough.....	Thousand board feet.....	24.94	25.19	46.20	183
Kitchen chairs.....	Each.....	.81	.82	1.56	190
Horse blanket.....	Each.....	2.47	2.49	3.50	141
Men's work shoes.....	Pair.....	2.20	2.22	2.59	117
Barbed wire.....	80-rod spool.....	2.74	2.77	3.54	128
Newspapers.....	Copy.....	1-0.2	-----	.3	150-300
Newspaper advertising.....	Agate line.....	5.5	5.5	11.5	201

¹ Computed by multiplying base price by index of prices received by farmers, 101 on Dec. 15, 1940 (August 1909-July 1914=100). The term "parity price" has not been officially used in connection with industrial commodities. They are shown here to indicate what prices of industrial commodities would have been on Dec. 15, 1940, if the relationships with prices received by farmers in 1910-14 had been carried through to the present.

Source: Bureau of Agricultural Economics. Based on data from Agricultural Marketing Service.

PRICES WHICH FARMERS WOULD HAVE RECEIVED FOR SPECIFIED COMMODITIES ON OCT. 15, 1940, IF FARM PRICES HAD KEPT PACE WITH NONFARM COMMODITIES AND SERVICES

Commodity	Unit	Prices received, Oct. 15, 1940	Prices at industrial ratio
Cotton, per pound.....	Cents.....	9.35	27.58
Wheat, per bushel.....	Cents.....	68.2	196
Corn, per bushel.....	Cents.....	59.4	142
Oats, per bushel.....	Cents.....	28.3	88.9
Rice, per bushel.....	Cents.....	63	180
Potatoes, per bushel.....	Cents.....	52	151
Peanuts, per pound.....	Cents.....	3.26	1.06
Butterfat, per pound.....	Cents.....	28.8	58.8
Eggs, per dozen.....	Cents.....	23.7	59.5
Hogs, per 100 pounds.....	Dollars.....	5.83	16.03
Hay, per ton.....	Dollars.....	6.99	26.39
Horses, each.....	Dollars.....	96.10	305.90

EXHIBIT II.—*Weekly earnings in buildings and construction, and of factory workers, 1913, 1919, and 1940*

Occupation	1913 (May 15)			1919 (May 15)				1940 (June 1)			
	Wage per hour	Hours worked per week	Earnings per week ¹	Wages per hour	Hours worked per week	Earnings per week ¹	Estimated parity earnings ²	Wages per week	Hours worked per week	Earnings per week ¹	Estimated parity earnings per week ²
	Dol-lars	Num-ber	Dol-lars	Dol-lars	Num-ber	Dol-lars	Dol-lars	Dol-lars	Num-ber	Dol-lars	Dol-lars
Plumbers.....	0.578	45.2	26.13	0.769	44.2	33.99	44.71	1.537	37.8	58.10	37.13
Electricians.....	.518	45.4	23.52	.755	43.7	32.99	40.24	1.552	37.4	58.04	33.42
Stonemasons.....	.567	44.9	25.46	.764	44.5	34.00	43.56	1.540	38.7	59.60	36.18
Steamfitters.....	.566	44.6	24.80	.753	43.4	32.68	42.43	1.585	37.8	59.91	35.24
Carpenters.....	.516	44.7	23.07	.759	43.8	33.24	39.47	1.425	38.7	55.15	32.78
Painters.....	.485	45.8	22.21	.732	45.1	33.01	38.00	1.390	36.2	50.32	31.56
Bricklayers.....	.690	44.1	30.43	.883	43.6	38.50	52.07	1.711	37.9	64.85	43.24
Factory workers.....	(3)	(3)	⁴ 12.21	(3)	(3)	⁴ 24.00	⁵ 20.60	(3)	(3)	⁶ 25.62	⁵ 17.11
Compositors.....	.607	42.0	25.50	.880	42.0	37.00	51.32	1.606	32.0	50.40	31.21

¹ Weekly earnings in building and construction computed from union wage rates and hours worked per week from data furnished by the Bureau of Labor Statistics.

² Computed by multiplying weekly earnings in building and construction on May 15, 1913, by the index of the cost of living for June 1919 of 171.1 and for June 1940 of 142.1 (1913=100) compiled by the Bureau of Labor Statistics.

³ Not available.

⁴ Average for the years 1914 (1913 not available) and 1919 estimated by the Bureau of Labor Statistics.

⁵ Computed by multiplying weekly earnings in 1914 by the index of the cost of living for June 1918 of 68.7 and for June 1940 of 140.1 (1914=100).

⁶ Average of January-September 1940, compiled from Bureau of Labor Statistics reports.

Mr. O'NEAL. I thank you very much, Mr. Chairman and gentlemen. That completes my statement.

I have some associates here who would like to submit statements, if I may have the indulgence of the committee.

Mr. CRAWFORD. Mr. Chairman, I have a number of questions I would like to ask Mr. O'Neal, but I do not care to do so if he prefers to have witnesses who have traveled some distance to be here, to be heard first.

I would like to ask at this time, Mr. Chairman, if Mr. O'Neal can return and appear again before the committee so that we will have sufficient time to interrogate him.

Mr. O'NEAL. I thank the Congressman very much.

Mr. PATMAN. I would like to ask him two or three questions.

Mr. O'NEAL. I will be glad to answer any questions. I would like to come back, but I have been here a week. I was summoned to come last Monday, and I appreciate very much the opportunity to appear before you. But if these other witnesses may make their statements, then if it meets your approval, I will be glad to come back.

Mr. PATMAN. I would like to ask two or three questions.

Mr. CRAWFORD. May I have a reply to my suggestion?

The CHAIRMAN. We are in this situation, Mr. O'Neal. The committee is glad to accommodate the situation confronting these other gentlemen who want to be heard by permitting them to make their statements now. But the committee is not willing to do that unless you hold yourself ready to be questioned.

Mr. PATMAN. I want to ask some questions on this amendment. Mr. O'Neal is the head of the Farm Bureau Federation.

The CHAIRMAN. How many others are there who desire to be heard?

Mr. O'NEAL. Just two witnesses. The others could not stay. I can assure you gentlemen I will be delighted to have the opportunity later to answer your questions.

Mr. PATMAN. I think you are an important witness, because you are the head of the Farm Bureau Federation. I am curious about this thing. I am going to insist on this amendment, and I want to get your opinion about some parts of it.

Mr. O'NEAL. I will be delighted to have you do that, and I approve the principles of the Gore amendment.

Mr. PATMAN. I am talking about my amendment. Of course, I am for Mr. Gore's, too. But I am talking about the amendment I proposed yesterday, to give each farm family an opportunity to obtain an average of at least \$1,000 a year in loans upon basic commodities from the corporation making the loans. I think we should reduce it to \$500 in order to try to get something through along that line, to establish the principle.

Mr. O'NEAL. That was just brought out of a clear heaven to me. Do you know what I think about it, as the result of my experience in my 66 years of life? It does not make any difference what you do under your scheme, but if you do not give the farmer the price—

Mr. PATMAN. Give him the price. You are not talking about the same thing that I am.

Mr. O'NEAL. I see.

Mr. PATMAN. That is almost ridiculing my amendment. The main proposition was the price. I thoroughly agree with you that the price is the main thing, but the idea is to let the farm family obtain as much as \$1,000 a year, if they produce enough in commodities at that price on which the farmer can place a loan with 85 percent of parity to give him the \$1,000.

I think we have reached the point where we must decide how we are going to help in this program. It seems to me that farming will become profitable under the recent amendment adopted by Congress. But when it becomes profitable then a few people try to get control because they want to get the profits. I think we should commence right now to take care of the poor people who are in the farming business, who have really cleared the land and have been in the farming business all their lives. I think there should be some incentive for the farmer, purely as an economic proposition; do you not think so?

Mr. O'NEAL. Yes; but according to my life's experience, if you will give me a fair price and protect my interests, I will obtain it.

Mr. PATMAN. I know.

Mr. O'NEAL. According to my knowledge and experience, they will obtain it.

Mr. PATMAN. I do not agree with you on that, at all.

Mr. O'NEAL. I know they will; there is no argument about that with me.

Mr. PATMAN. Let us see. You cannot say that under this triple A program. If you had unlimited production, you are absolutely right; but we do not have unlimited production. When you restrict a fellow to one bale or two bales, when he has to support a family, you cannot get a sufficient price on that amount to enable him to do that. Therefore, I say there should be some amount agreed upon that we are going to let the family earn. Do you not agree to that principle?

Mr. O'NEAL. I do not, Mr. Patman. I do not understand your approach. I believe in free enterprise, I will repeat again.

I know your State, not as well as you do, but I know the people. A lot of them went there from my State, and I go about your State quite a good deal.

I want to say to you, my dear friend, that if you will give a person a chance, whatever his color, and give him a price for his commodities, he will establish himself, as he always has, and will take care of himself.

Mr. PATMAN. You mean with limited production.

Mr. O'NEAL. I am familiar with conditions in the South, and you have a problem there with cotton. I am glad to say that my Texas farm organization, and the livestock organizations in other areas feel that the salvation of your country and mine is greater diversification. We must do it.

Mr. PATMAN. We are doing that now.

Mr. O'NEAL. According to your previous statement, you are not. But the point I am making—

Mr. PATMAN. I do not agree with that at all.

Mr. O'NEAL. That is your statement, you said one or two bales of cotton.

Mr. PATMAN. But it is in your State, too. I say we are forced to diversification.

Mr. O'NEAL. Of course, that is right. But you should protect him with a price on any commodity he produces, which you can do.

Mr. PATMAN. But there are many farmers in your State of Alabama who have families that are not allowed to produce over one or two bales of cotton.

Mr. O'NEAL. They get their base allotment. There are a few of them. I have here the leader of the Alabama Farm Bureau Federation who can give you that story in greater detail. He has had a broad experience as well. I have no tenants on my farm, and have never had a tenant in my 66 years of life limited to a bale and a half of cotton.

Mr. PATMAN. I know you would not limit them to that.

Mr. O'NEAL. I mean under this program. They are great co-operators.

Mr. PATMAN. Do you not believe they should receive an opportunity to earn a living?

Mr. O'NEAL. If they work for it; oh, sure.

Mr. PATMAN. That is what I am advocating, and I am going to reduce this amount to \$500, so that my amendment will read like this:

Provided, That the head of each farm family shall be permitted to obtain loans aggregating \$500 per year on any of the basic agricultural products upon which loans are made by the Commodity Credit Corporation.

You agree, in principle, to that amendment?

Mr. O'NEAL. No; I do not. I do not agree with it. I frankly tell you I do not. All I would ask you to do specifically here is to protect the price structure of the American farmer, just as you vote, and have voted for years to protect labor, and rightly, and to protect every other product. All I am asking you to do, whenever the farmer produces his commodity, is to protect him in his price structure.

Mr. PATMAN. Without regard to annual income?

Mr. O'NEAL. Oh, no. That should make his annual income.

Mr. PATMAN. In all labor laws annual income is taken into consideration. The coal miner is working for an income of \$1,300 a year, and others are working for an annual income. If you let the farmer have \$500, that, of course, seems small.

Mr. O'NEAL. I will grant you it is small. A lot of them are getting much less than that. But I want them to produce commodities and to receive a fair price. I do not want them to have any special subsidy from the Government of the United States.

Mr. PATMAN. Do you not concede that if you make this profitable and we give the farmer a fair price, like we are going to do, the tendency will be to eliminate the farm family entirely and use machinery?

Mr. O'NEAL. Let us get this clear—why do you not write such a rule for United States Steel? Why do you not write such a rule for the Ford Motor Co.? I believe in free enterprise.

Mr. PATMAN. I do, too; there is no difference between us on that.

Mr. O'NEAL. Not a bit in the world.

We discussed at great length before the Agricultural Committees of the House and Senate what a family-sized farm should be.

We want the man who believes in free enterprise to be able to go on the farm and buy land and get a fair price for his commodities. I want him to be efficient.

Mr. PATMAN. Certainly I do, too.

Mr. O'NEAL. And he is the most efficient producer in America today.

Mr. PATMAN. And is required to possess more knowledge than any other person I know of to make a success out of his business.

Mr. O'NEAL. I do not want to say to him, "You cannot have a tractor."

Mr. PATMAN. I am not saying he should not. I am saying we should give every encouragement to our farm families that we can, because we have so many unemployed people.

Mr. O'NEAL. My dear sir, I think it is evident that we are the most charitable group in America.

Mr. PATMAN. Nobody is challenging that.

Mr. O'NEAL. We have absorbed more surplus labor than any other group in the United States. When hard times came they went back to the home farm to help in the work, and we had a surplus of producers.

If you have a farm, say a 320-acre farm section, and you have four boys, maybe you want to leave each one of them a part of that farm, and you will do it.

Mr. PATMAN. Sure, I will.

Mr. O'NEAL. You do not want to say you want one of the boys to farm less efficiently than another boy who wants to go into industry?

Mr. PATMAN. I thoroughly agree with you, but I do not think when we have a program that gives us a price but restricts the production where I cannot possibly make a living that it would be fair. You must consider that there is a social reason for giving a man at least enough to make a living.

You take the steel companies you mentioned. You say why not go to the United States Steel? You do not have to because all of the employees there make a fair income, several times \$500 a year.

Miss SUMNER. Will you yield?

Mr. PATMAN. Yes; I yield to you.

Miss SUMNER. Do you think your amendment is quite fair to the little children inasmuch as you have \$500 given to a woman and a child? How about the man who is going to the trouble of having 10 or 15?

Mr. PATMAN. This is a farm family now.

Miss SUMNER. I mean after all that does seem unfair to me.

Mr. PATMAN. I am sure that he would get enough happiness out of it.

Miss SUMNER. I know you are trying to do the right thing, but I am wondering if your amendment does the right thing.

Mr. PATMAN. Are you really serious about that remark?

Miss SUMNER. I am as serious about my remark as you are about your amendment.

Mr. PATMAN. Is it serious? All I want is equal justice.

Miss SUMNER. I do not think it is exact justice.

Mr. PATMAN. Exact justice is never possible.

The fellow who wears a No. 6 shoe pays the same price for a pair of shoes as the fellow who wears a No. 12.

The fellow who weighs 100 pounds pays the same price that a 400-pound man does on a railroad train, and it requires four times as much coal to pull him.

I am saying that this is to be paid to farmers as a minimum.

Mr. BROWN. Would your amendment include a lot of farmers who do not make \$500?

Mr. PATMAN. This is intended to give up to \$500 if they make it and deliver it.

Miss SUMNER. Does not the Commodity Credit already do that?

Mr. PATMAN. Not up to \$500. Some of them do not get but \$50.

Miss SUMNER. But if they have \$500 worth of products?

Mr. PATMAN. If they have \$500 worth of products?

Miss SUMNER. Yes.

Mr. PATMAN. Of course, some of them do not produce that much. This limits it up to \$500. That is the object of it.

And remember that the one-eyed man pays just as much in a picture show as the man with two eyes.

Miss SUMNER. Yes, I know; and he can see just as much.

Mr. CRAWFORD. I want to ask this question: If under the Triple A a farmer is limited, to 3 bales of cotton or a bale and a half, irrespective of what the market parity price might be on that cotton, your proposal is to see he has a minimum of \$500 a year?

Mr. PATMAN. That is, if he produces it. The restriction would be removed and he would be allowed to produce up to \$500 a year.

Mr. CRAWFORD. That throws me off. I thought I understood you, but I do not believe I understand you.

The CHAIRMAN. What he is undertaking to do, and as I suggested yesterday, is that the suggestion of Mr. Patman would be expediting the A. A. A. program. That is what he is really doing, is guaranteeing a sufficient acreage to permit a man to produce as much as \$500, and then let him get the \$500. It is really a program, as I see it.

Mr. PATMAN. Of course, in construing it, you could allow him to go in the open market and buy it if the triple A insisted on their program and would not allow him to produce this \$500, and he would

be getting the benefit of the difference in price. I would not like to see that situation happen, and that is not what I contemplated with the amendment.

The CHAIRMAN. I have always thought, and I am not talking in criticism, as I am not in a position to criticize the program, and I know the difficulty of administering it, but I have always felt the first consideration is in determining what acreage be in family use.

Mr. PATMAN. That is the direction this is going.

The CHAIRMAN. I know it is in that direction, and it is not the number of acres that a man had been accustomed to planting before, or the number of mules, or what he had produced, so much as undertaking to see that the program would permit the man with an average family to have sufficient production under the program to get a return that would at least make possible a good standard of living, and I have always feared that there has not been as much of a family program as there ought to be. I do not assert that is a fact, and perhaps I should not have mentioned it.

Mr. SMITH. May I ask a question?

The CHAIRMAN. Yes.

Mr. SMITH. Mr. Patman, I do not understand the exact mechanics of the lending.

The CHAIRMAN. He proposes by this amendment to say that the family unit, whatever that may be, shall be permitted to borrow as much as \$500 on basic commodities. He says any commodities, but he means any or all.

Mr. PATMAN. Yes; the word "any" is intended to include all.

Mr. KEAN. You mean basic commodities?

Mr. PATMAN. That is right.

The CHAIRMAN. And if he produces he can have that much money.

Then that would mean under, I should think, since consideration, the amendment that would contemplate under the acreage allotment a man would be able to produce \$500 worth of these basic commodities.

That is why I said this amendment related more directly to the A. A. A. program than to this bill, here, although I would not say it is not germane to this bill.

Mr. PATMAN. Do you not think it is as much germane to this bill as Mr. Gore's amendment? This assures them an exact income.

The CHAIRMAN. We will have our full discussion in the executive session and go into this fully where everybody can express their views. I do not want to take any more time on it now.

Mr. PATMAN. I want to ask Mr. O'Neal one more question.

Mr. HULL. I just want to know whether this loan is made on a crop which is produced or on a prospective crop.

Mr. PATMAN. It is on a crop produced.

Mr. HULL. What do you mean by "crop"?

Mr. PATMAN. Basic crop.

Mr. HULL. Corn and tobacco as well as poultry?

Mr. PATMAN. Anything.

Mr. HULL. And you are going to limit it to the five basic crops?

Mr. PATMAN. No; it makes it on 40 or 50 different crops. It includes any crop that the Commodity Credit Corporation makes loans on.

Mr. O'NEAL. I have letters every day from people whom I know were reared on a farm, and they cannot find a place to go to work.

Of course, I do not blame people for getting tractors and modern up-to-date machinery. We naturally do what is selfish to our own interests; that is, the landowners do that. It occurs to me that something should be done to give this fellow a chance to make at least a niggardly existence if he works for it by giving him a fair annual income, and I want to ask you if you would not agree, if it can be written into this bill, to an amendment to allow a farm income each year from a basic standpoint of \$200, \$300, or \$500. Would you not agree to that?

I am like one of the Representatives in that I do not see how you could do it under this bill.

Mr. PATMAN. This is not a theory.

Mr. O'NEAL. I think it is.

Mr. PATMAN. I thoroughly disagree with you on that.

Mr. O'NEAL. I know, but this proposal was just brought out of the air to me.

Mr. PATMAN. But there is even a floor as to W. P. A. wages.

Mr. O'NEAL. I thoroughly agree with you on that.

Mr. PATMAN. Are you not in favor of a farmer earning a living as well as some one who is on the W. P. A.?

Mr. O'NEAL. Yes, sir.

Mr. PATMAN. Are you not in favor of that?

Mr. O'NEAL. But I say that this is not the place to do it.

Under the A. A. A. I think the farmer is protected.

Mr. PATMAN. You do not really believe they are protected.

Mr. O'NEAL. You go out among them and you will see.

Mr. PATMAN. Surely; and I do.

Mr. O'NEAL. Ideally I am for you, but practically how in thunder are you going to do it? What are you going to do with all these crops that all the farmers voted for 100 percent to restrict production in your State and in my State?

Mr. PATMAN. Yes, sir; that is right, they are all for it.

Mr. O'NEAL. I went to Harrison County, Tex., in the eastern part of your State, and I asked them what was the vote on your controls, and they said 99½ percent. And I said what was the one-half percent? And they said they organized a vigilance committee and "ran that son-of-a-gun into Mexico."

Gentlemen, they believe in this program.

Mr. PATMAN. This is no attack on the program.

Mr. O'NEAL. But what are you going to do with the surplus, if you don't control production?

Mr. PATMAN. Do you not believe in a family earning enough to make a living?

Mr. O'NEAL. Sure. But what are you going to do with this stuff?

Mr. PATMAN. Are you not willing to have them earn a living now?

Mr. O'NEAL. Exactly. I say they can if they diversify. By the way, do you know what it means to your great State when it comes to the legislation you voted for the other day?

Mr. PATMAN. Do you mean that 85 percent?

Mr. O'NEAL. Yes, sir.

Mr. PATMAN. I certainly do.

Mr. O'NEAL. It means billions of dollars for the cotton crop. And when you go home they are just going to hug and kiss you, and say, "That is more money than we have had in a long time."

Mr. PATMAN. I agree with you that we are making agriculture profitable for the first time in history.

Mr. O'NEAL. Yes, sir.

Mr. PATMAN. And as you make it profitable a few people will in some way get possession of it. And the point I am making is we should protect that little farm family, and they should work for it.

Mr. O'NEAL. I agree with that. I have been fighting for it before you came here. But do not do anything impractical that won't work.

Mr. PATMAN. I do not see that anything is impractical that will give a fellow a living.

Mr. O'NEAL. I say we have a program here that will work. This is a fundamental issue.

Here we had statements made yesterday about the amount of money for surplus commodities. I just thought about the bills you voted for in Congress last year for the use of surplus commodities, and I said to myself, \$235,000,000 for surplus disposal, \$500,000,000 for agricultural conservation program, \$212,000,000 for parity payments, \$50,000,000 for the sugar program, and that is nearly \$1,000,000,000. There is \$1,000,000,000 practically in the hands of the Department of Agriculture down there.

Mr. PATMAN. That is right.

Mr. O'NEAL. To help us do what Mr. Gore proposes to do.

And all we ask, and I think you will agree with me, that there is not an airplane, there is not a gun, there is not a pound of powder, and there is not a thing bought now to help defend Britain that is not paid for fully at profitable prices, and God knows I hope we will furnish them everything they want, but why should you ask the farmer here to double or treble his production and not pay him enough to give him parity when you ask him to produce? That is the point I am making.

Mr. PATMAN. You are guaranteeing them a minimum price, which Mr. Perkins admitted yesterday.

Mr. O'NEAL. But that is not a parity.

Mr. PATMAN. Which should be practical.

Mr. O'NEAL. And that is all that we are asking.

Mr. PATMAN. And I think we should insist on separating this stamp plan from agriculture. It does not belong in this program at all. We are charged with it. And I am glad you are insisting on it being put over in the category where it belongs.

In fact, I am in accord with your statement.

Mr. O'NEAL. I think, Congressman, it is a serious matter.

I hope you gentlemen will understand definitely what we ask for under this program.

We are not asking that you make the loans on all of these various commodities not asked for as necessary in the defense program at all.

We are just saying that if you tell the fellow out here to raise more tomatoes and can more tomatoes that you see that he gets parity for his tomatoes.

If you ask a fellow to fatten more hogs by feeding, why not give him parity for that?

Mr. PATMAN. I think we are all in accord on that.

Mr. Perkins raises one question which I wish you would answer if you please. If you are going into the market required by law to pay parity, and the market is way below parity, who are you going to

pay the parity price, whoever you buy that from who will be favored? How will you determine who your purchases are to be made from?

Mr. O'NEAL. You can determine that very easily. Every purchase that is made has to be accounted for before the General Accounting Office.

Mr. PATMAN. Certainly. But suppose he is required to pay 15 cents a pound for cotton, and say it is selling for 13 cents a pound, although he is required by law to pay 15 cents; who will be the favored seller?

Mr. O'NEAL. He can go to the farmers' own group, the farmers' cooperative, or go direct to the farmer himself.

Mr. PATMAN. If you go to the farm cooperative will you put Albert Gore's in at that price or Wright Patman's, or whose cotton will you put in as the favored purchase?

Mr. O'NEAL. You just put in the cotton that is purchased, any cotton represented by the group there. You have a very drastic production-control program for cotton. In the case of the five basic commodities, you have rigid controls available to control supplies so as to prevent surpluses from piling up further.

There is no difficult problem in maintaining prices at parity if the policies of Commodity Credit Corporation and Surplus Marketing Administration are properly geared in with the parity objectives of the A. A. A. In the case of commodities on which the Government has asked farmers to expand their production for national defense, there presumably is a shortage in prospect, so there is no problem there of a surplus and hence no necessity to allocate purchases. If there is a temporary surplus, the Government could safely buy the entire surplus offered, in order to raise prices to parity, and the Government might conceivably make a profit in so doing, if there is a shortage in prospect. According to Mr. Perkins' testimony, the basic commodities represent about 25 percent of farm income, and these commodities on which the Government is asking farmers to increase their production represent about three-fourths of the income from the remaining 75 percent of farm income. So the policies we are advocating will protect the parity-price position of commodities representing over 80 percent of farm incomes. With respect to the other commodities, on which we have no control or which the Government is not asking increased production, we do not ask a rigid minimum-price protection. We do ask that these Government agencies direct their purchases to the restoration of parity prices instead of buying as cheaply as possible and depending on increased volume to aid farm income.

Mr. PATMAN. That is what I wanted to clear up.

Mr. O'NEAL. You could use Will Clayton's or Anderson, Clayton's; say, "Mr. Clayton, we want this cotton and want to buy it at parity."

Mr. PATMAN. Suppose he buys it at 13 cents from the farmer and sells it at 17 cents.

Mr. O'NEAL. Not if you guarantee the farmer 17 cents. Even in Texas or Alabama, the farmer is not that big a fool.

Mr. PATMAN. We are talking about different people.

Mr. O'NEAL. No. They are not that big a fool.

Mr. PATMAN. But we are talking about Anderson, Clayton.

Mr. O'NEAL. I am talking about the farmers generally.

Mr. PATMAN. But you said you would call on Anderson, Clayton for the cotton.

Mr. O'NEAL. Yes; and you would have to pay parity.

Mr. PATMAN. Suppose you go to Anderson, Clayton——

Mr. O'NEAL. These agencies would have to pay parity prices no matter whether they buy it from Anderson, Clayton, or from the farmer. The Texas farmer will look after his interests. I am not bothered about the Texas farmer at all.

Mr. PATMAN. If Will Clayton is offered an opportunity to sell 1,000,000 bales, do you think he will go to the farmers about it? He already has the million bales and will not have to call on the farmers for any part of it.

Mr. O'NEAL. Cotton is locked up under the law. It is all right and it is well protected.

Mr. PATMAN. I am for the amendment.

Mr. O'NEAL. I mean the law is already adopted.

Mr. PATMAN. Explain a little bit further how you would have to pay more than the market price.

Mr. O'NEAL. Mr. Patman, the mandatory loans together with the proposed purchase and sales policies will make the price.

Mr. PATMAN. Of course, I hope you are right.

Mr. O'NEAL. It will. It has done it every time, and there is no question about it.

The thing that impressed me yesterday by the statement made by the very able Administrator here was this: I did not quite understand his inconsistency, and very frankly I would like him to answer: If we are short of all of these commodities that he says we are why in the devil will it take so much money? He said it might take a billion dollars. Why take all of this money? Why do you need it? You do not. It is ridiculous. Furthermore, you have a pretty good wad of money.

I want to say to you that the farmers are solidly for this. They do not ask you to go out here and take commodities not controlled under the A. A. A. at a rigid minimum price, unless the Government asks farmers to increase their production. Those commodities included in the A. A. A. are controlled. Wherever the Government asks farmers to produce for defense purposes, like butter, and you heard a lot about milk here, and cheese, and tomatoes and hogs, and so forth, farmers should be paid parity for these commodities.

Mr. DEWEY. Mr. O'Neal, I am very unfamiliar with farming, because I am from the city, and there are one or two things that I would like to know about.

Mr. Henderson in connection with his holding of the prices of farm materials I understand said he would keep the prices at or about the present figure. If he should say he would not let prices rise above parity, would not the natural demand for defense purposes by these great funds which have already been appropriated rather tend to let prices normally go themselves above what would be parity? Is not there enough inflationary forces at work and demands that would permit prices to go up without any effort of any other organization of the Government to force them, providing Mr. Henderson was not trying to hold them at the present price?

Mr. O'NEAL. There are two points you make in your question.

If you had no governmental activity at all, would not they go up?

Mr. DEWEY. Yes; that is point No. 1.

Mr. O'NEAL. As to No. 1, they would temporarily.

I will tell you about the Corn Belt, for instance. There is enough corn owned by the farmers out there, according to Mr. Earl Smith, one of the great Corn Belt leaders, who is from the little lady's State—

Mr. DEWEY. I know; and I am from that territory, too.

Mr. O'NEAL. He made this statement:

If all the corn the Government owns and the farmers own were put into hogs, if you could do such a thing, it would increase the present supply of hogs 75 percent.

That is a whole lot of grease, and a whole lot of hogs.

In other words, they are afraid of that much of an increase.

If you get all of these hogs, the first thing you know, you are going to have such a production that it will get out of balance, but what the Government is asking now is all right as long as you buy the surplus for Britain and if farmers receive parity prices.

Mr. DEWEY. Who is this saying "All right?"

Mr. O'NEAL. These are hog farmers.

Corn farmers would really prefer having the protection of marketing quotas because they realize what six or seven hundred million bushels of corn is. You have seen it out there.

If it is true that an increased supply is needed to feed the democracies then they are glad to help do it, but they want to be safeguarded in their price. If you buy, then buy at parity.

Mr. DEWEY. You have not answered the other part of Mr. Henderson's statement.

Mr. O'NEAL. I want to say that if Mr. Henderson would freeze farm prices then the American farmer would raise hell.

Mr. DEWEY. Is not he attempting to do that now?

Mr. O'NEAL. I do not know. I went down to see him. He said he wanted to carry out the policies of the Department of Agriculture.

The Department was criticized when the prices were announced on hogs, poultry, butter, and so forth; it should have announced parity prices for those commodities.

Mr. DEWEY. This is just a pronouncement by Mr. Henderson that prices would be frozen at parity and not above.

Mr. O'NEAL. That is exactly what we ask, but these prices were not parity prices.

When the President hesitated a little bit to sign this 85-percent parity loan bill, because he did not want prices to go above parity, I made the statement that all we farmers ever asked is parity. We do not want to see a great inflation in farm prices any more than we do in industrial prices or any other prices. But parity means that we keep on a fair exchange basis with other groups.

That is all we want to do.

Mr. DEWEY. May I ask another question along this line? If Mr. Henderson made such an announcement and the price rose to parity, then would it be better for the Commodity Credit Corporation and other organizations to reserve their strength to hold those prices after the possible unusual demand of the present time had passed, and we might, due to falling prices, have the same difficulty that we fell into after the last war?

Mr. O'NEAL. That is exactly what happened, if you remember, but we should get ready now to prevent this disaster occurring again.

Mr. DEWEY. Should we try to use the resources now by additional appropriations to force something up hill that is ready to go up in a normal way?

Mr. O'NEAL. If we are to increase production to the extent of helping the democracies, then all we ask is parity. Therefore, we recommend that none of these commodities be bought or sold at less than parity. That puts a sky line on the industrial concept. If wages and prices keep going up parity keeps going up, too.

I would like, for your information, to put in the record the statement of the Corn Belt group on this program they made in the city of Chicago on the 14th day of April.

Mr. DEWEY. With the permission of the Chairman, I would like to ask that that be entered in the record.

The CHAIRMAN. Let it be included.

(The statement referred to is as follows:)

APRIL 14, 1941.

AMERICAN FARM BUREAU FEDERATION, DEPARTMENT OF INFORMATION
58 EAST WASHINGTON STREET
CHICAGO, ILL.

[For immediate release]

CHICAGO, ILL., APRIL 11, 1941.—After carefully considering recent changes in the farm program as announced by Secretary of Agriculture Claude Wickard on April 5, and their immediate and probable future effects on farmers, Farm Bureau leaders from each of the 11 Corn Belt States authorize the following statement:

Some conversion of surplus corn into reasonable increases in production of pork, dairy, and poultry products seems to be warranted, but the announced prices offered as an inducement fail to recognize the basis of parity which was adopted by Congress in legislation in 1923 and subsequently as the worthy and fair basis for American farm prices.

We point out that while 9-cent hogs and the prices named for other farm products may offer some temporary inducement for increased production, with industrial wages and farm production costs steadily rising, the announced prices, by the time the increased production of these products is ready for market, may leave the farmer in just as serious disparity position as he has been in during recent months and years.

We urge our national federation to more aggressively pursue its efforts to secure parity prices as the basis for Government support of price levels—prices which it is believed are fair to consumers as well as farmers, and which will best serve the interests of the Nation.

It is our conviction that, in view of the excessive current surpluses and the lack of any prospect of greatly increased demand, very little, if any, increase in corn production is needed to meet all domestic and foreign requirements.

Next month wheat growers will vote in referendum to determine whether, by means of a marketing quota on wheat, the cooperating wheat farmers shall have the advantages of the Agricultural Adjustment Act in marketing their crop, or whether the American wheat market will be dragged down to the levels of stagnant and foreclosed world markets. The fullest support should be given by midwestern farm bureau members toward favorable action on this question. We pledge the organization strength of our State farm bureaus to this end.

Farmers should be very careful in making any changes in their crop-production plans for 1921. They should not forget the many years it has taken them to get their surplus commodities sufficiently under control to result in improved price levels. Farmers generally recognize that as an industry, agriculture is amply prepared to discharge its responsibility to consumers and to the Nation; and they must protect all advances made during recent years, to shield them against a repetition of the disastrous conditions they experienced following the first World War as a result of greatly expanded production.

* * * * *

Note to editors: Farm Bureau leaders attended this meeting from Illinois, Indiana, Iowa, Ohio, Michigan, Wisconsin, Minnesota, South Dakota, Nebraska, Kansas, and Missouri.

Mr. O'NEAL. I want to say to my good friend that just immediately following April 14, there was a meeting at Memphis, where 12 Southern States agreed and unanimously adopted the same policy, and that meant about 25, or 20-odd at least, of the largest agricultural producing areas of the United States joining in a policy that they need.

Mr. DEWEY. Might I ask just one more question, Mr. Chairman, and I will terminate?

The CHAIRMAN. Certainly.

Mr. DEWEY. Does your organization, or would your farm organization, and other farm group organizations ask or attempt to persuade Mr. Henderson to make such a statement regarding freezing prices at parity and not above? Do you think he would be willing to see them go to such a figure rather than be frozen at present prices?

Mr. O'NEAL. I, personally, went down to see the gentleman a few weeks ago, and asked him to make a statement as to that point, to protect the parity position of the farmer.

Mr. GORE. Mr. O'Neal, as I listened to Mr. Dewey, and I know he is from Chicago, he seems to have a very clear concept of the farm situation, but the big bugaboo which is being thrown at us is the administrative difficulty. I am frank to say it has worried me although I have not seen a great deal of administrative difficulty encountered by those who are in the Administration to accomplish a certain purpose. They generally find a way to do that through a proclamation, and emergency, or otherwise.

Mr. Patman raised a point on this, and I think it is a point: Just from whom would you buy this product? I think it is a point that goes to the practicality of this amendment. I must admit it.

Let me ask you as to hogs. Some mention of that was made. The announcement was made that they would buy hogs at \$9. Is it not true that they can go to the stockyards or to a public sale on the first day of June, or whatever day it might be, and they make a public bid on choice pork at \$9? What in practical effect would be the difference if on that date they bid parity of \$9.05? It might raise the market a little higher that day. The farmer who brought the hogs on that particular day would be fortunate, but there is always a fluctuation in the market. And all that I ask in this amendment which has been proposed is that for whatever product these funds are used for the purpose of purchase that it be made at parity.

Am I right in that, or am I not?

Mr. O'NEAL. You are 100-percent right. I do not want to take the time of the committee to go into it further.

Mr. GORE. I think you should take some time of the committee.

Mr. O'NEAL. I want to answer your own question. We have enacted the law and you have had loans on corn, cotton, and wheat, thank God, for a number of years. Check the Department. How are they fixed about the loans? Is there any insurmountable obstacle in the way of fixing the loan? The loan at Florence, Ala., is based on cotton being worth so much. And the farmer gets that loan. You bet your life he does.

Mr. PATMAN. But all farmers get it also.

Mr. O'NEAL. Of course they do, Mr. Patman.

Why make a mountain out of a molehill? Think of the things that the Commodity Credit Corporation is already doing. If you tell the farmers that \$9.24 for hogs is the price he will take care of getting that parity on the farm.

Mr. PATMAN. There is a difference there. All farmers can get that. In this case the funds they have won't permit them to buy everything.

If they could take butter and eggs and everything at that price, I just wonder if your plan will work.

Mr. O'NEAL. Oh, yes; it will work.

Mr. PATMAN. I hope you are right about it.

Mr. O'NEAL. You are making a mountain out of a mole hill.

Mr. PATMAN. I hope you are right about it.

Mr. O'NEAL. All you need to do is to observe how business is run and how it fixes prices. Read how Thurman Arnold is getting these boys who throw barriers in the way. You have got control of the program. It is just a question of taking care of the surplus.

The farmer will take care of himself.

You have got to have the 85-percent loan and you have got to sell it.

Mr. PATMAN. I think the amendment should be changed to read that purchases must be made from the producer so everybody will have a chance.

Mr. O'NEAL. Of course, you know you want to protect the producer at the parity price to the farmer.

I do not know of any banks in this country, nor a single bank anywhere in the country, that does not know what the loans are on cotton or corn. You go out in the Midwest and the farmer knows how to get that 75 percent of parity loan, and gets it, too. Under the program we are recommending, he will be able to get loans at 85 percent of parity not only on the basic crops, but also on the commodities on which the Government asks farmers to increase production—and all these combined represent commodities which make up over 80 percent of farm income, according to Mr. Perkins' testimony. When the farmer gets such a loan he is sure of getting that much income. He certainly is not going to sell it for less. In addition the Government will safeguard these loans and safeguard farm prices further by adopting a policy not to buy or sell such commodities at less than parity prices. Since this policy will apply to the basic crops where we have urged controls over production and to commodities of which there is a shortage anticipated, there should be no serious difficulty in carrying out this policy of putting a bottom under farm prices at parity levels, if we really set out to do it. We can support \$9.75 parity price for hogs just as surely as we can a \$9 price which has been announced.

So I think we are just talking about something that is just a lot of monkey business. That is it, just a lot of monkey business.

I see my good friend Mr. Murray here.

How did they do with butter? It worked fine. The Government said, "We will loan you so much money where your farmer groups go into the market and help stabilize the price of butter." They said, "75 percent parity is all the butter fellow should have." And when the price reached that level, they sold over 8,000,000 pounds of butter

to prevent prices from rising any higher. Then when the Government recently asked farmers to increase their production of dairy products for national defense, a minimum price was announced below parity. That made the dairy people mad. They wanted to know why they could not get 100 percent parity.

You and the House first voted for 75 percent parity loans for the five basic crops, and, thank God, it was later raised to 85 percent. And when you talk about the fact that it won't work it is perfectly silly. It is working for all of these armaments, approximating \$27,000,000,000 worth of stuff, that is being produced on a cost-plus-fixed-fee basis, and here we are talking about agriculture with 8 or 10 or 12 billion dollars, which is such a small portion of the amount that ultimately will be called for for armaments. Of course it is not insurmountable.

That is the reason I made the statement about the administration of these laws of governing the Department of Agriculture for the farmers.

That is the reason men like Clarence Cannon and John Bankhead have said what they did. It is our Department. It ought to be run for the farmers.

You are just making a mountain out of a molehill here.

Mr. SPENCE. This is all right as to the wheat and cotton farmers, but why cannot the tobacco farmer go to the bank and get his money as other producers do?

Mr. O'NEAL. That could very well happen, and I hope the House will provide adequate funds to have the tobacco inspected so that the farmers can get a loan.

Mr. SPENCE. It would be a great accommodation if the tobacco producer could go to the bank and get a loan, but he is unable to do that now.

Mr. O'NEAL. I chew it and smoke it, but I do not know the reason why they do not get it.

Mr. SPENCE. There are so many grades of tobacco that some difficulty results in making loans on each grade, and they always have to get their loans through cooperatives, and that is not true with corn, cotton, and wheat.

Mr. O'NEAL. No.

Mr. BROWN. But they sell through groups.

Mr. SPENCE. Yes.

Mr. O'NEAL. Of course, there is a perfect monopoly in the buying of tobacco.

Mr. Chairman, if there are no more questions, I will yield to some of the other witnesses which we have here.

Mr. MONRONEY. There is one point I would like to ask him about which I am still confused about in my mind.

The CHAIRMAN. Certainly.

Mr. MONRONEY. We guarantee 85 percent of parity for corn, cotton, wheat, and so on, and those crops are limited to 65 or 75 percent of normal production. Can you justify parity prices on things like eggs when you can go out in a few months and produce all the eggs you want to without any penalty on the experience ratio and get a parity guaranteed by the Government, whereas the poor cotton and wheat farmer has sacrificed a certain percent of his crop planting to

get 85 percent. Would not these restricted farmers feel that they were discriminated against?

Mr. O'NEAL. No. The point is that when the Government asks them to go out and increase the production of eggs, that is the condition which governs.

I want to say further that a great variety of producers have come in with a bill, fostered by these producers, in which they are asking that they may be allowed to put quotas on themselves. They realize the terrible disaster of surpluses and over-production. But when the Government calls on them to increase the production of eggs and use them for the democracies—and we ought to save a few rotten ones for Hitler—but under these circumstances where they are called on to increase production they should have that parity protection.

Mr. MONRONEY. I just wondered if the idea of fixing the minimum at 21 cents against 24 or 25 cents gives a little cushion against over-production through a slightly less than parity price.

Mr. O'NEAL. You know they are going to expand as long as the Government is going to buy eggs. You are going to see more eggs than you ever did in your life. And you will find they are going to come to control.

Mr. SMITH. Are you in favor of having the Government freeze farm prices to prevent them from rising above parity?

Mr. O'NEAL. I feel now and I have always taken the position that we ask for parity prices, and that is all.

Mr. SMITH. That is not the question.

Mr. O'NEAL. Yes; it is. When you talk about freezing you have got to think about two or three different things.

If you give us parity on the present parity basis, and then freeze industrial wages and industrial prices that would be another thing, and then we would all be on an equal basis.

Mr. SMITH. But you said awhile ago the farmer——

Mr. O'NEAL (interposing). Parity is all we ask for.

Mr. SMITH. You said awhile ago that the farmer since 1920 has been lagging behind in his income compared with nonfarm industry income. Will you tell me why the farmer should now, when he has been taking loss all of that time, should have his prices frozen now and prevent him from making up at least a part of what he lost during that period?

Mr. O'NEAL. That is true. I know about that. And I know what a lot of farmers say about that. You take the beef prices, for instance, and while it is above parity, just now above parity, just look at the years that it was below parity, yet we have always said that all the farmers wanted was a parity basis. What does that mean? That does not mean that in a period of time prices may be somewhat above parity. You see what I mean? The parity is a floor there.

Mr. SMITH. As I understand you, you would not be in favor of having the Government freeze farm prices to prevent them from going above parity?

Mr. O'NEAL. I do not like that word "freeze," and you do not either. You do not like the word "freeze."

Or we will say, and I will answer you this way, is that we just do not want any more than parity.

When you say "freeze" you mean stabilize the thing at a certain basis.

Mr. SMITH. You understand why I use the word "freeze," I cannot find any better term to express what is meant.

The CHAIRMAN. To freeze at parity is a different thing from freezing at the present price.

Mr. O'NEAL. Oh, yes.

The CHAIRMAN. That is the point, as I understand Mr. O'Neal, and it is not intended to freeze at parity at all. If you freeze at parity and do not freeze other things then you do not have parity at all.

Mr. O'NEAL. You see, it will change. If wages keep going up and other things keep going up parity is bound to change.

But we will say definitely that all we have ever asked for is just parity, or the fair exchange value. And I think it would be very difficult to freeze it.

Mr. DEWEY. You would not be in favor of runaway markets?

Mr. O'NEAL. No; we do not want inflation.

The last war aftermath nearly ruined the farmers and we have not gotten away from it yet. And I think all the farmers feel that same way about it.

Now, Mr. Chairman, I suggest that there are some other folks here, which I would like to have appear, unless Mr. Crawford or someone else desires to ask questions.

Mr. CRAWFORD. Mr. O'Neal, I have a lot of questions, but if you want these people to be heard first then perhaps you can come back later.

The CHAIRMAN. Mr. Crawford wants the right to interrogate you, but not at the moment, if you will give him a chance later.

Mr. CRAWFORD. That is right. I thought these other gentlemen were going on this morning. That is what I wanted to accommodate myself to.

Mr. O'NEAL. Yes.

The CHAIRMAN. Will you be back?

Mr. O'NEAL. Yes, sir; that is up to you folks.

The CHAIRMAN. Can you be here either Monday or Tuesday?

Mr. O'NEAL. There is going to be a conference in Chicago next week which I must attend and on Monday my own board meets.

The CHAIRMAN. When does it meet?

Mr. O'NEAL. Monday morning.

The CHAIRMAN. Then we will have to go on now.

Mr. CRAWFORD. What can we do so as to arrange for these other gentlemen to be heard?

Miss SUMNER. Can we meet this afternoon?

Mr. O'NEAL. That is the way to solve it.

The CHAIRMAN. Let us stay on awhile now.

Mr. CRAWFORD. Mr. O'Neal, referring to exhibit 1 of your presentation, you have at the bottom of the page there what I assume to be relative prices. In your discussion with Mr. Henderson did he give you any reason at all for you to assume that he would be favorable to fair exchange prices similar to what you have set forth there?

Mr. O'NEAL. Of course he did not have these tables, but I would say that he said he was perfectly willing to protect agriculture; he would not say, "I will give you parity." He said he was perfectly willing to carry out the policies of the Department of Agriculture, and protect the interests of the farmer.

Mr. CRAWFORD. The reason I raise this question in this manner is that my mind keeps going back to the April 3 release; you know about that.

Mr. O'NEAL. Yes.

Mr. CRAWFORD. Which was joined in by Mr. Henderson and Miss Elliott, which I think was one of the most significant agricultural documents that has been issued under this administration's two or three terms, especially in the light of what has followed through the various enunciations made by Mr. Wickard and the Commodity Credit Corporation and Mr. Milo Perkins with reference to fixing prices, pegging prices, supporting prices, acquiring ownership of these commodities, and selling these commodities back into the market in support of the prices enunciated, and, furthermore, as related to statements which Mr. Henderson has made within the last 48 hours in connection with the control of prices, we will say, rather than the fixing of prices, and now, you are coming in here on this amendment and referring to your conferences with Mr. Henderson with reference to what he is going to do in connection with going along, using your own language, on a fair exchange basis, which puts up to me as important a matter as has come before me during this present session of Congress, and I now repeat this question in the light of those references I just made: Do you feel that Mr. Henderson is going along with a price on farm commodities which will give 85 percent, or 90 percent, or 100 percent fair exchange basis to the farmer?

Mr. O'NEAL. I am hopeful that he will.

Mr. CRAWFORD. You should be hopeful, but as I said—

Mr. O'NEAL (interposing). I am hopeful, and I have gone further than that, Mr. Crawford. I have registered the thought that if you froze prices below parity it would raise hell. I have said that, I and I do not mind saying it again.

Mr. CRAWFORD. I congratulate you for saying that.

Mr. O'NEAL. We just aren't going to stand for that; that is all.

Mr. CRAWFORD. I congratulate you for having gone as far as you have, but my question is, Did he say anything to you in oral or written form which leads you to believe that he is going along with the various prices on these agricultural products, the price of which he will greatly control?

Mr. O'NEAL. He has not established parity. The Department has not done that. You on the Hill here, you gentlemen, have voted for it. I think Congress has the ultimate authority. That is the reason I plead in my statement to keep that authority and use it.

Mr. CRAWFORD. Do you believe Mr. Henderson, with the pressure that is going to be thrown against him by the organized consumers, which I think are very powerful, is going to give support to a program which will get anything like prices that industrial ratios have set forth in connection with his program?

Mr. O'NEAL. We are not asking for the industrial ratio prices shown in exhibit I. They illustrate how far farm prices are out of line with certain industrial commodities however.

Mr. CRAWFORD. The reason I put my question that way is—

Mr. O'NEAL (interposing). That is just an illustration. We are asking for parity, for a fair exchange basis with industrial products.

All we are asking is 16 cents for cotton, 82 cents for corn, \$1.14 for wheat, and 51 cents for oats, and so on. I have put it in the record here.

All we want to do is to have our bushel of wheat be the equal in labor or industrial commodities in work hours, and that is all we ask for.

Mr. CRAWFORD. Let me submit the question this way, in order to clear my mind: In answering questions awhile ago you used the language "fair exchange basis." Do you mean to say by "fair exchange basis" a parity of prices?

Mr. O'NEAL. We figure probably the concept of parity might be changed, and I said in my statement here that we probably ought to demand that the Department of Agriculture give us the data to readjust the parity basis where necessary. They have done it on tobacco, and on dairy products, but we feel it is fair in most instances.

Mr. CRAWFORD. As that conception changes from time to time if you receive that price you are going to feel that that is satisfactory.

Mr. O'NEAL. Yes, sir. As long as it keeps on an equal basis with the other commodities we will feel it is satisfactory.

Mr. CRAWFORD. Well, going back to page 1 of your statement, you say, "It may be necessary to extend the maximum borrowing capacity of the Corporation somewhat more than it is proposed in this bill."

Have you made any calculations of that at all so you can give us something more definite by what you mean when you say "somewhat more"?

Mr. O'NEAL. In other words, with these high loans, with export markets gone, you may have to increase the capital stock; I do not know what amount; I have never figured it out. You might have to do that.

We cannot tell, Mr. Crawford, for this reason: You take, for instance, the domestic consumption for cotton of this year, and I believe the reports are that it is about the highest on record, and under the program the Government would probably have to carry 1,000,000, 1,500,000, or 2,000,000 bales, you see, and they would probably have to carry corn because there is no restriction to any great degree, yet the Government is asking to fatten all of these hogs, as well as dairy products, and so on, which might take a great deal more money. I have no idea as to that, and you gentlemen probably have not any more idea than you do as to buying grapefruit.

Mr. CRAWFORD. You have no figures to put in the record on that?

Mr. O'NEAL. I have not figured that out.

I have here two articles, which I would like to introduce into the record.

The CHAIRMAN. Very well.

(The articles referred to are as follows:)

[American Farm Bureau Federation news letter]

FARMERS ASK EQUALITY OF TREATMENT DURING THE DEFENSE EMERGENCY

MAY 6, 1941.

Some 200 farmers and farm leaders met last week in Chicago in response to a call by the National Milk Producers Federation, and after a 2-day session adopted a resolution demanding equality for farmers in the defense crisis. They also asked the American Farm Bureau Federation, the National Grange, and the Council of Farmer Cooperatives to call a Nation-wide meeting for the purpose of mobilizing farm sentiment and to get action to protect farm interests.

In the long resolution adopted, the following 10-point program was outlined:

1. We call for a total cessation of strikes and lock-outs in defense industries. Such disturbances are unfair to others who are making sacrifices in the interest of national defense.

2. We ask that agriculture be given equal representation with industry and labor, satisfactory to agriculture, on all Federal agencies having to do with the national defense.

3. We urge the President and the Congress to eliminate from the United States Department of Agriculture all component parts whose functions and activities are not directly conducive to the welfare of farmers, and that all individuals whose activities are discovered to be antagonistic to farm interests be also removed.

4. We urge a Federal policy to restore economic equality as between agriculture, industry, and labor.

5. We opposed any Federal policy by the Executive, or by congressional enactment, which is designed to place maximum prices upon commodities, particularly those of agriculture, until such time as agriculture is on an equal footing with industry and labor, and we further oppose rigid price fixing under even these conditions, but suggest a policy of stabilization rather than price pegging.

6. Since industry has received a cost-plus guaranty in its production for national defense and the farm groups now being called upon to increase production have received no such guaranties, we insist that such farmers should immediately have prices which will compensate both for current production and increased capital outlay.

7. We urge reformation in administration of the National Draft Act with a view to protecting agricultural production, in all matters involving legitimate deferment for the draftees. If the present act does not confer adequate authority for restoration of the fundamental principles of essentiality of occupation and dependency, we urge the Congress to pass amendatory legislation to that end.

8. We ask for a discontinuance of Federal Government propaganda designed to mislead the public into believing that farm prices are satisfactory and remunerative to producers.

9. We urge the farm leaders gathered together in this conference immediately to acquaint the farmers in their respective communities with the urgency of this problem and to bring about widespread discussion of it.

10. We request the National Grange Patrons of Husbandry, the American Farm Bureau Federation, and the National Council of Farmer Cooperatives immediately to call a Nation-wide conference of farm leaders selected through regular channels of their own organizations, to confer at an early date in Washington, or some other convenient place, for the purpose of mobilizing the great strength of the farm people to achieve these most needed results.

MR. CRAWFORD. Going to the same paragraph of your statement, where you use the language "has been an outstanding success and the actual losses thus far have been very small," do you look upon the Commodity Credit Corporation as a profitless operation—and when I say "profitless" I mean over 5, 10, 15, 20, 30, or 40 years, or do you look upon it as an operation of Government, which in your conception, might be disposed of within 5 years, and therefore must face a liquidating job?

The reason I submit my question that way is that I do not want you to understand that I am indulging in wishful thinking, and I do not want you to indulge in it, and where you, myself, or others may refer more or less to the Commodity Credit Corporation having operated without a loss of consequence we must always have in mind that there is a continually growing inventory of enormous proportions, which you have pointed out, of unbelievable proportions, you might say, and, now then, if we accept it as a going concern to be woven into the economy of this country and to be perpetrated for a long length of time, or for decades, we might say that we do not need to be so concerned on the potential loss on inventories which we now hold. But if we look upon it as a proposition which must be liquidated it

seems to me we should be extremely careful in making observations of this nature, because we may mislead many people into believing that the job has been practically completed; and that there will not be a loss on the Treasury or taxpayers, while as a matter of fact, we may face all of the loss in the future, so I give that explanation of my question, and then come back and repeat my question.

Mr. O'NEAL. I can say this: That the farmers have always felt that the Commodity Credit Corporation was the foundation of the whole program. 12

The record shows, Mr. Crawford, that the farmers are perfectly willing to adjust their production so as to meet demands. They are perfectly willing to do it. The Corn Belt wanted quotas this year.

The administration has said that we will feed the democracies, and we have said that we will feed them, and let us get our fair share of the profits.

The point I am making right there is this: If you will recall, of course, the largest stock of the Commodity Credit Corporation for which it will become liable is cotton, and if you recall graphically what happened in the other World War, you have in the Commodity Credit Corporation maybe a damned sight more valuable product than gold which you have at Fort Knox. People have got to clothe their nakedness. It is a useful commodity. 13

There has been very little loss on corn, not to amount to anything.

Mr. CRAWFORD. You are now speaking about realized financial losses?

Mr. O'NEAL. I am now speaking about realized financial losses. But the farmers feel this: The Government is as safe, and I will say emphatically much safer, in the money we ask you gentlemen to safeguard in this instrumentality than the money you put in R. F. C.

Mr. CRAWFORD. I agree with you on that. You have very largely answered my question.

Based upon this power position, which you hold, a position of philosophical power and influence, and power over the Congress, and I think you do hold that, and I think you are entitled to hold it.

Mr. O'NEAL. Thank you. You encourage me.

Mr. CRAWFORD. I mean that very sincerely.

Mr. O'NEAL. I appreciate that.

Mr. CRAWFORD. According to your conception the farmers of the United States do look upon the Commodity Credit Corporation as a permanent institution, acting as the very basis of the whole farm program. 14

Mr. O'NEAL. Yes, sir.

Mr. CRAWFORD. As it now operates.

Mr. O'NEAL. Yes, sir.

Mr. CRAWFORD. That is what I wanted to bring out as to my own thoughts.

Mr. O'NEAL. Yes, sir.

Mr. CRAWFORD. That is one of the most significant observations that have been made in connection with all of this discussion.

Mr. O'NEAL. Yes, sir.

Mr. CRAWFORD. Because we go along from time to time and deal with the Commodity Credit Corporation as if it were a temporary entity.

To me it is not carrying that form, but it is a permanent entity to me, as it relates to agriculture. If we accept that approach would you have the time, or would you mind, putting into your statement in these hearings some of your keen observations with reference to changes that we should make if there are any?

Mr. O'NEAL. I would be glad to.

Mr. CRAWFORD. Dealing with this Commodity Credit Corporation as a permanent operation, and if that is to be the program let us begin to get the philosophy before the Congress, that it is a permanent proposition, and that we must shape it and deal with it and implement it as a permanent proposition. And quit thinking in terms of monetary operations and so forth, because it seems to me that if this is to be a permanent institution, particularly as related to cotton and corn and tobacco, and not so much rice and wheat, that we have got to make some very fundamental changes in our approaches, and I want to say what you have given us here is along that line.

Mr. O'NEAL. I think we have recommended to you here three very fundamental things.

Mr. CRAWFORD. I do, too.

Mr. O'NEAL. They are right here, and I think they are very fundamental.

Mr. CRAWFORD. But that is dealing more specifically with the general approach than it is with the Commodity Credit Corporation, but we have not had a chance to analyze them, and I may be in error.

Mr. DEWEY. Will the gentleman yield?

Mr. CRAWFORD. Yes, sir; I yield.

Mr. DEWEY. Would that include a restatement of your ideas as to the parity basis, or some ideas of that?

As the gentleman says, he notes in table 1 horse blankets are mentioned, and he has not seen one for the last 10 or 15 years, and I was wondering if we could have your thoughts on a relisting of a parity schedule, and have it up to date.

Miss SUMNER. Are you going to put these schedules in the record, Mr. O'Neal? I did not get a copy, and another gentleman did not.

Mr. O'NEAL. We have extra copies here for you.

That is a very pertinent question. I recall it being discussed in years past when we came before this committee and talked about the index of commodities.

Perhaps we better get the facts and figures from the Department on this parity concept, but as far as the great bulk of our farmers are concerned, especially on these five basic commodities, the parity that they want to accept is the present concept of parity.

For instance, I have heard so much about grapefruit that it tickled me very much, and after what has been said about grapefruit I thought I would hire someone familiar with oranges to get the parity prices on oranges. They know what the parity prices are in California and Florida.

Of course, those things are just like wheat on the Flannegan tobacco bill. It is a rather slow process, and only a rather few of them are out of line.

I think Mr. Murray would say that given parity for butter, unless industry and labor prices moved up, as well as the parity prices for dairy people, that it would be a fair price and so on, but it is rather difficult to get into all of these technical points.

Mr. CRAWFORD. Going on with your statement, on page 2, where you refer to the statutory restriction in the fourth paragraph, does that language specifically refer to the Gore amendment, or do you have in mind other statutory restrictions?

Mr. O'NEAL. Those are the recommendations that we were talking about on the first page, you see.

Mr. CRAWFORD. That is on page 2?

Mr. O'NEAL. No; that is over on page 3.

Mr. CRAWFORD. It is page 2 on my statement.

Mr. O'NEAL. We are asking you to write into law these three points over here on page 3.

Mr. CRAWFORD. All right, then. In other words, the language of the statutory restriction of your statement in paragraph 4 refers to points 1, 2, and 3, as set forth on page 3.

Mr. O'NEAL. That is right.

Mr. CRAWFORD. The following paragraph on page 2, and that would be about the fifth paragraph, you say—

That issue is whether the parity objective is to be a reality for American farmers or whether it is to be merely an illusive mirage constantly dangled before the eyes of farmers but which they are never permitted to attain.

That statement is very interesting to me, because, as speaking as sincerely and as frankly as I can speak, I have, since I came to Congress, felt that was very much the situation with reference to the parity of price language which has been used by Members of Congress, of the House and the Senate and the administration, and that the administration and all of you who went out and used that as one of your main approaches in agricultural communities, and I will say emphatically that I have never used it, because I thought that was the situation more or less, and do you mean to say by that language which has been used in that manner to a great degree that we should now make it more realistic?

Mr. O'NEAL. Yes, sir; what I mean is if it is the policy of Congress to give the farmers parity let us start tomorrow.

Mr. CRAWFORD. Yes, sir.

Mr. O'NEAL. What I want to drive home is the fact that the farmer is perfectly willing to do his part. In other words, he believes that—

Mr. CRAWFORD (interposing). If he cannot feel that he should as Congress and the administration have some language in here with reference to administrative procedure which is really meant to do that, instead of carrying this thing along on a somewhat political jeep, probably 55 percent or 70 or 80 percent genuine, and on 50 percent to 70 percent in the manner suggested, I would certainly be more sympathetic to the agricultural program than I have been, because I think they are entitled to a fair exchange basis or to the parity price, if such a thing could be determined, and it is to the agricultural operators that I want to submit this further explanation of that particular language.

Continuing on down, in the next paragraph, on page 2, here you refer to five basic commodities, which refer to parity.

It reads:

This year Congress, by the largest majority ever given to a fundamental piece of farm legislation, amended the commodity loan features of the Agricultural

Adjustment Administration so as to assure the producers of the five basic commodities of full parity on their current production by means of mandatory 85-percent commodity loans which, together with available conservation payments and parity payments, will assure 100 percent of parity returns for the producers of these five commodities.

Have you any calculations that you could put into the record to support that statement? And I ask that question because I did not know that was true. I thought there was still somewhat of a shortage even after Congress adopted the 85 percent, and if you have two or three illustrations, say on cotton, corn, and wheat, could you slip those in the record for us?

Mr. O'NEAL. I would be glad to.

(The table referred to is as follows:)

EXHIBIT A.—Parity prices and returns to farmers with 85 percent of parity loans

	Parity price, April 1941	85 percent of parity	Conserva- tion pay- ment	Parity payment	Total returns
	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>
Cotton.....pound.....	16.00	13.60	1.37	1.38	16.35
Corn.....bushel.....	82.80	70.38	9.00	5.00	84.38
Wheat.....do.....	114.00	96.90	8.00	10.00	114.90
Rice.....hundredweight.....	233.10	198.10	5.50	20.00	223.60
Tobacco:					
Flue-cured.....pound.....	¹ 22.40	19.00	.80	.60	20.40
Burley.....do.....	¹ 21.80	18.50	.80	-----	19.30

¹January 1941 parity prices. Later figures have not been published but would be somewhat higher as the index of prices farmers pay is now higher than in January.

You know for about 5 or 6 months we have been fighting for the bill.

I want to say in answer to your first question that you did more in voting for this 85-percent program than the Congress has ever done in the 20 years I have been down here fighting for the farmers on the promise of parity.

Now, then, with the appropriations you have already voted for, it will bring these five basic commodities in a priority position. There will be enough money for that.

Mr. PATMAN. You refer there to 85 percent?

Mr. O'NEAL. Yes.

Mr. CRAWFORD. Let me mention the three payments including parity payments; when you speak of parity payments, what do you refer to there, how much money?

Mr. O'NEAL. I refer to the \$212,000,000 voted for last year for this year; and you voted for \$500,000,000 conservation payments. Included in conservation payments there is about \$250,000,000 which is to be used to bring these five crops to parity position.

Mr. CRAWFORD. In other words, the last effort as to parity does not reach out and anticipate \$238,000,000, does it?

Mr. O'NEAL. It does not. You have already appropriated enough money to bring these five crops on a normal production to a parity position.

Mr. CRAWFORD. In other words, on parity you figure the \$212,000,000 parity payments, and, roughly, \$500,000,000 for the conservation payments?

Mr. O'NEAL. Yes, sir.

Mr. CRAWFORD. And you feel so far as the five basic crops are concerned that that really gives 100-percent parity? I wanted to get that out.

Mr. O'NEAL. Yes, sir; that is right.

Mr. CRAWFORD. Then on page 3 you refer to the triple A of 1933, establishing a control price goal for all agricultural commodities. Then in your recommendations 1, 2, and 3 you submit at this time in the belief that if those changes were made this would perfect the 1933 goal, according to your calculations; is that correct?

Mr. O'NEAL. Yes, sir; coupled with these other programs.

Mr. CRAWFORD. These other three recommendations?

Mr. O'NEAL. Yes.

Mr. CRAWFORD. Now, in recommendation No. 1, that very largely refers to a period of war activity or to a period where on account of drought or other possible crop failures the Government would step out and ask for equal production; is that correct?

Mr. O'NEAL. Yes, sir.

Mr. CRAWFORD. Then on No. 2, does not that call for a very material alteration of the present law insofar as its provisions prevent the Commodity Credit Corporation from selling a commodity held at the original loan price plus all carrying charges?

Mr. O'NEAL. Yes, sir; it does.

Mr. CRAWFORD. So that it would call for material alterations; is that right?

Mr. O'NEAL. Yes, sir; that is right.

Mr. CRAWFORD. And No. 3 immediately agrees with you on that, but before saying that I would like to ask you one or two questions. The last sentence in No. 3 is "No commodities purchased either by the Commodity Credit Corporation or the Surplus Marketing Administration should be released for disposition in domestic markets except for relief at less than parity prices." Why do you make that exception?

Mr. O'NEAL. Well, really, that should have been more explicit or a little plainer.

Mr. CRAWFORD. I am now referring to No. 3.

Mr. O'NEAL. That is right.

Mr. CRAWFORD. Let us take this for an illustration: I have some very firm impressions from statements made by Dr. Lubin down here, that upon reaching the hour of demobilization we will have anywhere from ten to fifteen million workers discharged from industrial pay-rolls anyhow for an interim, maybe 6 months, maybe a year and a half, and maybe 3 years, and we may be caught in a position where a number of people handling quantities of farm products will be disposed of through relief activities, and the question I am raising now is why should an exception be made on the disposition of them in the domestic market of goods for relief? In other words, why should relief goods under conditions that we can visualize be permitted to be thrown into the market and operate against the nonrelief products being sold, we will say, by farmers?

Mr. O'NEAL. We do not intend that, of course, Mr. Crawford.

What we meant there was just strictly on relief, a gift of the Government itself supplying the unemployed.

The farmers pay into that. That is all right. Give them the commodities. What is the difference between selling it?

Let the Government bear the loss for doing that. You know you are doing that now in the W. P. A. You are doing that now, and that is all right. That is fine. We ought to take care of anybody that has not a job or is a dependent.

That does not mean a sale at all.

That means simply giving it away, to feed them and clothe them.

Mr. CRAWFORD. I think that clears up that point.

Going to page 4 of your statement, do you feel the way the funds have been heretofore administered by the Surplus Marketing Administration that in certain instances there has been a tendency to depress prices and hold the prices below farm parity level?

Mr. O'NEAL. Yes, sir.

Mr. CRAWFORD. I am glad to know that that is your attitude, because I have thought that in a number of instances where I have made observations; I did not know exactly whether anybody else agreed with me or not.

Mr. O'NEAL. On the other hand, of course, in a lot of places, it has helped, but the complaints I get from so many farmers is that they go out there and buy and it has a depressing effect the way stuff is bought.

Mr. CRAWFORD. Have you noticed any situations similar to this, where the price moved downward and then to such a distressed point or level that right at the time you might say it reached the very bottom the Surplus Commodities Corporation steps in, and we will say, buys at the very bottom, and the farmer thus having to unload at the low prices? You might say this is at any time. You have made observations like that?

Mr. O'NEAL. Oh, I have a great many situations like that; yes, sir.

Mr. CRAWFORD. That is what I have seen happen. And I thought they were making a tremendous administrative error in handling it in that way, and thus in a way forcing the farmer, or sitting by and watching the thing operate until the farmer was pushed to sell at that very low price.

Mr. O'NEAL. Yes, sir.

Mr. CRAWFORD. Going to the second paragraph on page 4 of your statement, where you speak of "the Government now asking the producers of a number of commodities to expand their production as a part of the national-defense program to assure ample supply of food to the United States and Great Britain," do you have in mind any specific food items on which there could easily develop a shortage, and where the Government is now refusing to let the farmers expand their production?

Mr. O'NEAL. I do not know of a single commodity.

Mr. CRAWFORD. I am not going to comment on this at length.

Mr. O'NEAL. I did not know of any of them.

Mr. CRAWFORD. I raised that question in that way, and then I am going to suggest that you look into the commodity of sugar and see what has actually happened in the last 2 or 3 months, and notice the potential cutting off of vast supplies of sugar, the increase in the freight rates, the increase in war-risk insurance, and so forth, as head of your great organization.

Mr. O'NEAL. We have asked for an extension of quotas there.

Mr. CRAWFORD. Yes, sir.

Mr. O'NEAL. We have asked for that. They could step up that production along that line very rapidly.

Mr. CRAWFORD. I refer you to a page of your statement where you say—

Mr. Leon Henderson and Miss Harriett Elliott inform that large surpluses of these commodities are going to be built up and that these will be dumped on the market, if necessary.

I get that very distinct impression from contacts from those departments down there that they are now making a philosophical approach, or an actual approach, you may say, of applying these stops, and they have in mind dumping them on the market as and when the consumer pressure becomes sufficiently great for them to do so, and from your statement I believe you have gotten the same impression.

Mr. O'NEAL. We are very fearful of that.

Mr. CRAWFORD. Have you any suggestions to make other than these three to head that off?

Mr. O'NEAL. That will head a lot of it off.

Mr. CRAWFORD. I think it will, too.

Mr. O'NEAL. It will head a lot of it off, all right.

Mr. CRAWFORD. And where you speak of the far-reaching influence that they now hold I agree with you on that entirely, and to the effect that they can make or break the market for any agricultural commodity in America if they want to do so. I believe they have that power this very hour, and I believe they fully appreciate that they have the power to do that. And thinking along that line makes me very sympathetic, certainly, with the intent of the gentleman from Tennessee, who has offered this amendment.

Mr. O'NEAL. That is the way we figure about it, Mr. Crawford, exactly.

Mr. CRAWFORD. I am sorry I have to delay you here so much, but I have had no chance to digest this statement.

Going to page 6 of your statement, do you feel the announcement of a price of 90 cents on pork was definitely woven into the proposition of encouraging the farmers to use up the production of pork as to a lot of the production of this heavy corn stock that was referred to?

Mr. O'NEAL. Of course, they said they had need of this extra prok, and they had all of this corn on hand, and the only objection the farmer had there at all was that it made very little difference in established prices for cheese, hogs, poultry, and so on.

Mr. CRAWFORD. If these three points of yours are not adopted effectively in one way or the other, do you feel that the Surplus Marketing Administration will continue to be as effective as possible in the market?

Mr. O'NEAL. I am afraid I will have to agree that it would.

Mr. CRAWFORD. Going to page 10 of your statement, would put you into the record some of your calculations in support of the fact that it costs 88 cents of every dollar expended in the cotton stamp plan to move 12 cents' worth of cotton into consumption?

Mr. O'NEAL. I will be glad to put the table in and show you the whole thing.

Mr. CRAWFORD. And also the other calculations.

Mr. O'NEAL. Yes, sir.

(The data referred to is as follows:)

The following table shows the farmers' share of the retail price paid by consumers for a number of cotton articles. On the average it is estimated that the farm price of the cotton in a cotton article amounts to only 12 percent of the retail price of that article.

EXHIBIT B.—*Farmer's percentage of the consumer's cotton dollar*

	Farm price	Retail price	Middlemen's percentage	Farmer's percentage
Men's overalls.....	\$0.15	\$1.00	85	15
Men's work pants.....	.09	1.00	91	9
Men's work shirts.....	.05	.69	93	7
Men's dress shirts.....	.06	1.00	94	6
Women's house dresses.....	.07	1.00	93	7
Women's nightgowns.....	.05	.69	93	7
Women's stockings.....	.01	.25	95	5
Girls' school dresses.....	.02	.59	96	4
Boys' overalls.....	.09	.79	89	11
Boys' knickers.....	.08	1.19	93	7
Sheets.....	.09	.79	79	21
Pillowcases.....	.04	.23	82	18
Towels.....	.02	.17	88	12
Denims.....	.05	.19	73	27

MR. CRAWFORD. That is a very interesting statement, and if you will put that in the record for us I will appreciate it.

I think the B. A. E. is correct in their observation there that you set forth on page 10.

Now, you spoke of your home, I believe, in Florence, Ala.

MR. O'NEAL. Yes, sir.

MR. CRAWFORD. I want to ask you one or two technical questions here in connection with this 85-percent loan on cotton. You may not be familiar enough with the market to answer the questions. If not, that is all right.

I understand, roughly, that the basic loan rate on parity of 16 cents for cotton is about 13.60 on middlings of seven-eighths? Are you familiar enough to answer that?

MR. O'NEAL. Mr. Crawford, would you mind letting Mr. Randolph, of Alabama, tell you as to that?

MR. CRAWFORD. No, sir.

MR. RANDOLPH. I think that is correct. I think it is middlings at $\frac{7}{8}$.

MR. CRAWFORD. I think you will find middlings at $\frac{7}{8}$ is correct.

Now, then, the conversion into $\frac{15}{16}$ as against $\frac{7}{8}$ is what?

MR. RANDOLPH. That is usually about 20 or 25 percent.

MR. CRAWFORD. Would not that add about 25 points?

MR. RANDOLPH. Yes, sir.

MR. CRAWFORD. That gives us a total of 13.85 without the allowance for a differential. Now, if we are basing it on the average, could we have rough calculations which would add about 25 points additional to that 13.85, would you say?

MR. RANDOLPH. I am sorry, but I cannot remember about what that would be, Mr. Crawford, but I think you are about right.

MR. CRAWFORD. According to my calculations, if we start with a 16-cent parity, and using, say, 13.60 or a $\frac{7}{8}$ middlings, then add 25 points to 13.60 after converting to $\frac{15}{16}$, that would give us, say, 13.85—that is, without the allowance for the differential, the basing on the

average base, which would give us about 25 cents additional or, say, a total of 14.10, the 14.10 equaling, say, 85 percent of parity in your program. Would those figures be about right?

Mr. RANDOLPH. No; I think you would have to take into consideration the 13.60, which would be an average that would be reached over the belt.

Mr. CRAWFORD. 13.60?

Mr. RANDOLPH. Yes, sir. The amount at Florence, Ala., might be different from that.

Mr. CRAWFORD. I understand that.

Mr. RANDOLPH. And the amount in west Texas would be less than that.

Mr. CRAWFORD. That is right.

Mr. RANDOLPH. And the amount in North Carolina would be more than that; but the average would be about 13.6.

Mr. CRAWFORD. Instead of 25?

Mr. RANDOLPH. Yes, sir; that is right.

Mr. CRAWFORD. When passing on the average, would you add about 25 points?

Mr. RANDOLPH. I do not understand what you mean by that.

Mr. CRAWFORD. Do you want to look at these figures [indicating]?

Mr. RANDOLPH. An average of what, did you mean?

(Mr. Crawford and Mr. Randolph thereupon consulted as to the various figures for the various markets.)

Mr. CRAWFORD. Mr. O'Neal, there are one or two other questions I want to ask you.

Have you at any time had a chance to read *The Revolt of the Masses* by José Ortega y Gasset?

Mr. O'NEAL. No, sir; I am sorry, I have not.

Mr. CRAWFORD. He gets into this question of price control and production control absolute, we might say, and bureaucratic control, and had you been able to read that book I was going to ask you one or two philosophical questions here, and perhaps we can arrive at it in this way: Holding your position as head of the Bureau, would you care to make a comment as to how far you think we should go on this question of control as to the agricultural part of it?

Mr. O'NEAL. Yes; I can give you just a lifetime observation; if all other groups will tomorrow eliminate all controls there will be the greatest shouting of agriculture of any group in America today.

Mr. CRAWFORD. The greatest shouting?

Mr. O'NEAL. Yes; the greatest shouting. They will be the happiest people in the world, because they love to pursue farming, and also raise children, and down in Alabama they raise plenty, and they have enough of them.

Mr. GORE. And this is for agricultural production as well?

Mr. O'NEAL. Yes, sir; that is our purpose.

You have been fine and kind, and it looks to me as if we were drifting into more and more bureaucracy and more and more control, and we do not want it, but we have to have it in order to live out of our meager earnings up to now.

Mr. GORE. Have you seen the Department of Agriculture figures indicating that more than 7,000,000 people are on the farms which do not make a living?

Mr. O'NEAL. I have seen Mr. Evan's statement, the very able Administrator of the A. A. A., which he has made many times, that we have that much surplus on our farms in order to feed and clothe others in addition to the normal exports.

In other words, I think we have the greatest charitable institutions the world has ever seen. The farms of the United States are very great eleemosynary institutions, and they are trying to take care of more than their share of the poor folks in the United States.

Mr. SMITH. How about the physicians, the country doctors?

Mr. O'NEAL. The country doctors are gradually disappearing. They have done a very fine piece of work. I am here now testifying, and I would not be here if I had not had a good one.

Mr. SMITH. So that the farmers will be forced by the Government to move in the direction it designates, even if it involves absolute political control over their operations, and the prices they are to receive for their produce.

Mr. O'NEAL. Yes, sir.

Of course, in our instance, Mr. Gore, we have the democratic process that when two-thirds of the farmers vote for it then it is in effect.

Mr. CRAWFORD. Mr. O'Neal, I want to make one other observation, and then I am through: There is one other book, which Hermann Rauschnig wrote, entitled "The Redemption of Democracy," in which he takes this position:

If absolutism becomes a reality today, if we must accept it, it can only be in the form of total absolutism where there is neither an inner nor a private sphere but only a tyranny armed by coercion, terrorism, and collectivism in every aspect of life.

He further states:

We made this departure along many paths. Claim for the need of a function is body for the need of an independent bureaucracy by way of an intent to recover management and the social plan.

Then he further says:

It is more than a mere joke that managed currency and concentration camps differ only in degree.

That is all I have to say.

Mr. O'NEAL. I want to say, Mr. Chairman, that I appreciate the distinguished courtesy of the committee in hearing me.

The CHAIRMAN. We are glad to have you always.

Mr. Randolph, will you come around, please, sir?

The CHAIRMAN. I wish to introduce Mr. Walter L. Randolph, president of the Alabama Farm Bureau Federation, formerly with the extension service of our State, and with the Agricultural Adjustment Administration at Washington, and who has had years and years of valuable service in dealing with farm problems. Do you have a prepared statement, Mr. Randolph?

Mr. RANDOLPH. Mr. Chairman, I have a prepared statement.

The CHAIRMAN. In order to save time and permit you to get away, let me suggest that you put it in the record, and then let the members interrogate you in any way they see fit. I am trying to accommodate you and permit you to get away.

STATEMENT OF WALTER L. RANDOLPH, PRESIDENT OF THE ALABAMA FARM BUREAU FEDERATION

Mr. RANDOLPH. Mr. Chairman and gentlemen of the committee, my name is Walter L. Randolph. I am president of the Alabama Farm Bureau Federation.

This is the first time I have had the privilege of appearing before this great committee, and I deeply appreciate it.

And I hope it is in order that I take advantage of this opportunity to express the very deep appreciation which the organized farm people of Alabama and of the Nation feel for the great work that the distinguished chairman of this committee has done as a Representative of Alabama in the Congress.

We are especially grateful to him for the legislation which provides insurance of bank deposits and prevents bank failures; when the history of this period is written this achievement in my opinion will be considered of as great importance to the preservation of democracy as the food-for-defense program or the announcement for a two-ocean Navy.

The administrative opposition to the Gore amendment is, in my opinion, the same opposition that the 85 percent of parity loan bill faced when it was before the Congress. It is a great tribute to the democratic system of government which we enjoy that the Congress, in spite of such opposition from such unexpected quarters, provided in this loan bill for agricultural legislation similar to that already enjoyed for many years by many other groups—legislation which puts a floor under farm prices and farm income for major commodities.

As I go about the offices of government in this city, I find certain economists and officials attacking the principle of parity which has been repeatedly declared to be the policy of this Government by the vote of Congress and the signature of the President. They say parity on grapefruit is unreasonable. About this I do not know. I was nearly 21 years old before I ever saw or heard tell of a grapefruit. Parity on ginseng, chufas, and sunflower seed, or hides and tallow, or tame rabbits or fox skins, may be unreasonable. About this I do not know. But if parity on these products or any other farm products is unreasonable, the United States Department of Agriculture should have exercised its executive prerogative through the proper channels and, after consulting with representatives of agricultural producers, recommended fair corrections in the parity price of any one or all of the farm commodities for which the parity price is found to be unreasonable. There is still time for this. The eleventh hour is not too late.

The singling out of minor specific commodities as a method of attacking the parity principle is not, in my opinion, a method which shows proper consideration of great groups of producers who sweat and toil on the farms of America to feed and clothe the Nation.

It is extremely difficult to understand the opposition of certain groups in and out of the executive branch of the Government to the programs for increasing agricultural prices and income when the income of agricultural workers is compared with that of other producers.

Agriculture's share of the national income has been declining almost constantly for the past 30 years. Part of this decrease is a result of a smaller percentage of agricultural workers in the total population now than in 1910. But the most important change results from the great gains in income and purchasing power which have been made by nonagricultural workers. If the same relationship between agricultural income and nonagricultural income that existed during the period 1910-14 had existed in 1940, even after full allowance for population trends, farmers in 1940 would have received just about a third more than they actually received.

To illustrate the lack of purchasing power among farmers as a group, we can take income figures prepared by the Department of Agriculture for 1928-39. On a typical Georgia cotton farm these figures show that the total return per hour of labor in 1939 was only 10.1 cents. Ten years earlier it was 16.3 cents per hour. Both of these figures, however, include not only the cash returns from the sale of agricultural products but other returns in the form of food, fuel, and house rent which the farmer received. In 1939 the total return of 10.1 cents was made up of a cash return for each hour of work of only 3.7 cents, and a noncash return of 6.4 cents an hour. Other types of farms returned somewhat higher wages per hour to the operators, but all types showed substantial reductions in hourly rates between 1929 and 1939.

Compared to these declining returns to farm workers, the earnings and purchasing power of factory workers and other nonagricultural employees have been greatly improved since 1929. Not only are employment conditions better, but the cost of living for these workers is far below the level of 1929. In March of this year factory employment was 12½ percent above the 1929 level; factory pay rolls were up 15.1 percent, and the average earnings per worker were 2.3 percent above the 1929 level. On the other hand, the cost of living in March of this year was well below that of 1929. Foods were only 74.5 percent as high, nonfood items only 87.2 percent as high, clothing only 88.6 percent as high, and rent only 74.5 percent of the 1929 level. With these higher earnings and lower prices, factory workers can now buy from 15 to 17 percent more of the items mentioned than they could in 1929. In the same way, published figures for all nonagricultural persons indicate that their purchasing power for food is 28.7 percent greater than it was in 1929.

One of the major tendencies of recent years which has acted to reduce farm income is the decrease in the percent of the consumer's dollar which farmers have been receiving. Published studies of the Bureau of Agricultural Economics show that in the year 1913 farmers received about 53 percent of the average dollar spent at retail for 58 food products. In 1940 farmers received an average of only 42 percent of the dollar spent for the same food products. This study also shows the margin which goes to handlers of these products. It is very interesting to note that the dealer's margin is the most stable figure throughout the years for which data are collected and the figure which fluctuates most widely is the farm value or the farmer's share of the retail dollar.

In some commodities the farm value and the processor's margin can be shown directly. For example, in the case of cotton, figures are available which show how much the farmer receives and how much the mills receive out of the wholesale price of cloth. These figures furnish us a very interesting comparison at the present time. In the boom year of 1929 the average wholesale price of 17 typical constructions of cotton cloth was 29.71 cents per pound. This price was made up of cotton of 16.52 cents' worth of cotton and a mill margin of 13.19 cents per pound. In April this year the price of these same clothes averaged 31.05 cents, while the mill margin had increased to 20.75 cents per pound. In other words, since 1929 the cotton contained in a pound of these cloths has declined 31 percent, but during the same period the mill margin on these cloths has advanced 57 percent.

It is extremely important that Congress continue to give very earnest consideration to protecting the welfare of the American farmers against those who have been installed in positions of power in the Government and who seem to think that the farmer should be asked to bear an undue proportion of (1) the relief roll, (2) an increased standard of living for low-income groups, and (3) supplies for our allies by producing food and fiber at half prices and half income while other groups get double prices and double income for their products.

Farmers in Alabama favor the principle which Mr. Gore advocates. At 11 district conferences of farm leaders in Alabama in March, attended by approximately 1,500 farmers and farm women, a resolution condemning too much emphasis on consumer interests in the United States Department of Agriculture was adopted. In all 11 meetings there were only 2 adverse votes to such a resolution. The best and most enthusiastic meeting of the 11 was held at Ozark, Ala. I invited 225 farm men and women leaders from Dale and 6 adjoining counties to attend, and 259 were present.

The farmers who met at Ozark, and at 10 other places in Alabama, like other farmers in America, asked only for fair treatment and economic justice.

Mr. GORE. Mr. Randolph, about the only objection that has been raised to the amendment is that it would present difficult administrative problems.

On yesterday, Mr. Perkins, speaking for the Department of Agriculture, agreed with the objectives. He agreed that the Department of Agriculture should desire and would desire that this fund be used to bring a maximum income to the farm family. And the only objection, as you recall, is the statement over a 2- or 3-day period that it is administratively difficult.

As a proponent of the amendment, that has worried me. With the technical training and experience which you have had I would like for you to address yourself to that fact for a few moments.

Mr. RANDOLPH. Mr. Gore, it seems to me that if we take the case of hogs, for example, for which the price has been announced as 9 cents at Chicago—I do not know just what parity is at Chicago, but suppose it is 10 cents.

Mr. GORE. I believe it has been said that it was 9.75.

Mr. RANDOLPH. Take it at 9.75, and I cannot see that there could be any more administrative difficulty in announcing a parity price

of 9.75 than there would be in a 9-cent price. Suppose parity was 9 cents, and then you would have the same problem. It happens to be, as you said, 9.75, and I see no reason why raising that price parity would cause any administrative difficulty other than that which they already have.

Mr. GORE. Now, they said they would have great difficulty in deciding as to just which farmer they would pay the 9.75.

Mr. RANDOLPH. Well, I am of the opinion Mr. Perkins must have assumed that there were certain things in your proposal, and in the proposal which Mr. O'Neal made, which were not in there.

If you will notice, in Mr. O'Neal's proposal he said if they made any purchases of these goods that the Department wanted expanded production on, that they would be made at parity.

That is a very simple proposition. That is just buying at parity instead of at some other price which is arbitrarily fixed by the administration.

I am really unable to see what Mr. Perkins made by his statements. They did not seem to square with good judgment.

Mr. GORE. Let us take some other commodity. Of course, in buying hogs, before we leave that, they generally go into the open market and do that as a bidder on the market; is that right?

Mr. RANDOLPH. That is correct, in some places; yes, sir; that is right.

Mr. GORE. How else do they do it?

Mr. RANDOLPH. The Surplus Marketing Administration?

Mr. GORE. Yes.

Mr. RANDOLPH. I am not acquainted with just how they do that; I do not know that. But what I said was if you can buy at 9 cents without much administrative difficulty you can buy them at 9.75 without much administrative difficulty. I do not see how that change would affect the method used or cause the employment of any additional people, or any difficulty.

Mr. GORE. In other words, you take the position it is as difficult for them to make the announcement at \$9 as it would have been if they had made it at \$9.75?

Mr. RANDOLPH. That is the way I look at it. Of course, I am a layman, and I am not experienced in all the things Mr. Perkins does, but that seems obvious to me.

Mr. GORE. Would the same thing apply to 15-cent poultry?

Mr. RANDOLPH. It seems so to me.

Mr. GORE. What about eggs?

Mr. RANDOLPH. All products.

Mr. GORE. And cheese?

Mr. RANDOLPH. And cheese; yes, sir.

Mr. GORE. The reason I was asking this is that it is really the only valid objection that has been raised.

There was a good deal of talk about grapefruit.

Mr. RANDOLPH. Yes, sir.

Mr. GORE. I think it is a specious argument against the amendment to say that parity on grapefruit is at an unconscionable figure.

Mr. RANDOLPH. Yes, sir; in my opinion, the Department of Agriculture should long ago have made recommendations to the Congress for the correction of any parity prices that are unreasonable, and they can do that now, and of course, the eleventh hour is not too late.

Mr. GORE. Of course, you do not think an erroneous definition of parity or a fallacious definition of parity should be raised as an argument against a valid proposal?

Mr. RANDOLPH. I do not, because if some of these products are out of line they should be corrected by Congress, and the Department can recommend correction.

Mr. MONRONEY. Mr. Gore, will you yield right there?

Mr. GORE. Yes.

Mr. MONRONEY. I am trying to get this reasoning behind hogs. Do you not think that instead of fixing the price at parity the Agriculture Department, by fixing a minimum or sustained price of \$9, is helping the price of hogs reach parity by their own steam; in other words, giving it momentum to reach parity of its own accord?

Mr. RANDOLPH. Of course, they may feel that way; but, as Mr. O'Neal pointed out, if you do bring about a big increase in the production of hogs, and take, for example, if the English buy hogs from Canada instead of us and we have a great surplus on hand, I imagine the price would go below 9 cents instead of above it.

Mr. MONRONEY. Then it would take more Government funds by almost 10 percent to support parity rather than the \$9 guaranteed price?

Mr. RANDOLPH. Ten percent? Not quite that.

Mr. MONRONEY. Not quite that. But consider this paragraph 3 in Mr. O'Neal's statement:

Require that all purchases by the Surplus Marketing Administration be directed toward the restoration of parity prices and that no purchases be made at less than 85 percent of parity whenever marketing quotas are in effect. No commodities purchased either by the Commodity Credit Corporation or the Surplus Marketing Administration should be released for disposition in domestic markets except for relief at less than parity prices.

To me that seems a much easier way to do this thing than Mr. Gore's amendment, because it does put a cap on the commodities which might be produced in great excesses. It pegs the price at 85 percent.

I believe these men realize that historically the base index shows that there has always been some fluctuation. They are trying to let it reach parity by giving a floor under the ceiling; through this support it will reach parity of its own accord.

It seems to me like this is much more sound language than that which we previously had before us.

Mr. RANDOLPH. Mr. Gore, what Mr. O'Neal presented in his statement, the one, two, three points, there, is what we are recommending.

Mr. MONRONEY. Then the great bugaboo is the announcement that the stocks might be dumped to force down prices, and I believe his statement was that they cannot be dumped.

I believe your administrative difficulties are really going to cause you plenty of headaches and get into an endless rigamarole of red tape on how much should be produced under the present amendment. But I believe, it could be solved with paragraph 3.

Mr. RANDOLPH. We recommended paragraph 3.

Mr. MONRONEY. Would you recommend that in preference to Mr. Gore's amendment?

Mr. RANDOLPH. I endorse Mr. O'Neal's statement.

Mr. MONRONEY. I did not get that. Did you say something about a substitute?

Mr. RANDOLPH. What I said was that I endorsed Mr. O'Neal's statement.

I did not say that in the beginning because I assumed that it was understood I did.

Mr. MONRONEY. Yes, sir.

Mr. CRAWFORD. Would you clear up that point? Did you recommend 1, 2, and 3 as a substitute?

Mr. RANDOLPH. I think that question should be directed to Mr. O'Neal.

Do you recommend this as a substitute for the Gore amendment?

Mr. O'NEAL. That is right.

Mr. RANDOLPH. That is correct. It is our intention to recommend these principles or these recommendations here as a basis for an amendment which would substitute for the Gore amendment. Of course, this is not written out in the form of a law.

Mr. CRAWFORD. I think the weakness of the Gore amendment would be the Commodity Credit Corporation and the Surplus Marketing Administration would not need to buy a thing they could do without outside of the five basic commodities, by letting the Surplus Marketing Administration get its fund from an emergency fund or some other funds, and so we would defeat parity by putting in that language.

Mr. RANDOLPH. That is right.

Mr. CRAWFORD. It is a prohibition.

Mr. RANDOLPH. It will prohibit the Commodity Credit Corporation from doing anything that might possibly prevent the farmer from getting parity.

Mr. CRAWFORD. No. It provides it shall not be permitted to use the Surplus Marketing Administration funds.

I believe the safeguards on what you are trying to do are more clearly set out under paragraph 3 than it would be under the present amendment.

Mr. RANDOLPH. Mr. Chairman, it might be well to clear up the recommendations here in this one respect.

I believe the recommendation is that purchases would be made at 100 percent of parity when farmers are asked to expand their production to meet a national emergency, and it establishes a minimum price to stimulate production for this purpose.

And No. 3 has reference to other crops whenever marketing quotas on such crops are in effect, and that is 85 percent.

I think Mr. O'Neal's recommendations are in accord with the intent and principle of the Gore amendment.

Mr. DEWEY. May I ask a question on the matter of selectivity?

Mr. RANDOLPH. There is some difference in approach; yes, sir.

Mr. DEWEY. You are speaking of Mr. O'Neal's recommendations and you mentioned hogs, the possible overproduction of them.

In this connection could not there be a basic purchase and sale price near parity, to apply to those commodities in which there is a shortage. And for those commodities in which there is a surplus, a price set not as close to parity. Could not there be a control in this way? I do not know whether I make myself clear or not.

Mr. RANDOLPH. As I understand your question, that is what we recommended here.

Mr. DEWEY. That is what you recommended?

Mr. RANDOLPH. If I understand your question; yes, sir.

Mr. DEWEY. That there be a selectivity in prices?

Mr. RANDOLPH. This is in connection with purchases, not in connection with sales. Sales are 100 percent in both cases.

But in connection with purchases you are divided into two classes, one at 100 percent and one at 85 percent.

Mr. GORE. Mr. Perkins referred to this announcement of April 3 yesterday as supporting prices.

Mr. RANDOLPH. Yes, sir.

Mr. GORE. Now, I was pleased to hear him use that term, but I must confess I did not understand the announcement to mean that. Did you understand the announcement of April 3 to mean that?

Mr. RANDOLPH. It so happens I did personally, but very few people did from what I have heard from talking to people.

Mr. GORE. I did not read that into the statement.

Mr. RANDOLPH. It is possible that someone told me that or something is the reason I did get that impression.

Most folks I have talked to got the same impression you did.

Mr. GORE. I wonder if you would furnish at this point, if you do have a copy of that announcement, or if the Bureau has a copy of the announcement, for the record a copy of it and put it in the record at this point.

Mr. RANDOLPH. We will be delighted to file that, sir.

(The statement referred to is as follows:)

EXHIBIT C

WASHINGTON, D. C., April 3, 1944.

UNITED STATES DEPARTMENT OF AGRICULTURE ANNOUNCES PROGRAM TO INCREASE SUPPLIES OF SOME FOODS

The Department of Agriculture announced today an expansion of the ever-normal granary program into a food program designed to assure ample supplies for the United States, Great Britain, and other nations resisting aggression.

Under the expanded program the production of pork, dairy products, eggs, and poultry will be stimulated through the support of prices over the period ending June 30, 1943, at levels remunerative to producers. Other phases of the program include:

1. Continuation of the existing corn-loan program for 1941 and 1942.
2. Continuation of the policy of making loan corn available to producers at the loan rate plus certain carrying charges.
3. Allowing producers in the commercial corn-producing area to increase corn acreage up to their usual acreage. These producers would not receive corn payments.
4. No corn-marketing quotas for the 1941 crop.

Assuming continuation of existing price relationships and taking seasonal price variations into account, the Department will make purchases in the open market to support long-term prices (Chicago basis) at levels approximately as follows:

Commodity:

Hogs, hundredweight	-----	\$9.00
Dairy products (basis of butter, pound)	-----	.31
Chickens, pound	-----	.15
Eggs, dozen	-----	.22

It was pointed out that these prices would be subject to the customary commercial differentials for market grades and qualities.

The Government's purchases in the open market will be used to accumulate reserve supplies of food. These supplies can be used for transfer to the British and other countries under the provisions of the Lend-Lease Act, for release upon the market in case of unwarranted speculative price increases, to meet requests from the Red Cross for shipment to war-refugee areas, and for direct distribution through school-lunch programs or through State welfare departments to public-aid families. Arrangements are also being made for a full and complete coordination of these purchases with those being made for our armed forces.

Under the program farmers will be urged to: (a) Increase pork production by feeding hogs to heavier weights and by increasing farrowing of pigs; (b) increase dairy production by feeding cows more grain and by milking more cows; (c) encourage additional production of poultry by increasing the size of flocks.

Although producers in the commercial-corn areas will not receive corn payments or be eligible for corn loans if they plant up to their usual acreage, there will be no reduction in other payments if the usual acreage of corn is not exceeded.

The Agricultural Adjustment Act of 1938 provides that the Secretary of Agriculture may remove operation of marketing quotas in the case of national emergency or because of a material increase in export demand.

"Obviously," Secretary of Agriculture Claude R. Wickard said, "the comparatively few producers in commercial corn areas who wish to plant up to their usual acreage of corn in order to have feed for increased dairy, poultry, and livestock production will wish and should have at this time assurances that there will be no corn-marketing quotas on the 1941 crop. Because of the ample feed supplies on hand in the country, however, most producers should plant within their corn allotments.

"It is time," Secretary Wickard said, "to begin converting our ever-normal granary supplies into ever-normal food supplies.

"We have conducted intensive studies of the needs of the United States, England, and other democracies. We believe we have a sufficient supply of most agricultural commodities. Largest supplies of some pork, dairy, and poultry products will be needed, however, in the United States, in the British Isles, and in Europe for several years, irrespective of the duration of the war. In Europe foundation herds and flocks are being rapidly depleted. Even in normal times many Americans need more of these protective food products. Because of the ever-normal granary feed supplies are abundant, and farmers will only be too glad to increase their production of pork, dairy products, poultry, and eggs if prices make it profitable to grow more of these foods. Consumers should realize that fair returns to farmers for the food products mentioned are the best assurance not only of ample supplies but, in the long run, of fair prices to consumers.

"This ever-normal food-supply program will, we feel, stimulate sufficient increases in production to insure that food supplies will be adequate for all needs here and abroad. Consequently there should be no danger of run-away markets for any of these food products. Should unwarranted speculation drive prices up to unduly high levels at any time, the supplies in the hands of the Government will be released to stabilize prices and maintain them at reasonable levels. Under this ever-normal food program consumers will be protected and farmers will benefit by selling more products at fairer prices than those that have prevailed during the past few years."

The Secretary said the plan to increase the production of food emphasized that national farm programs are adjustment programs in every sense of the word.

"Since these programs began we have pointed out that they could be used to increase production," Secretary Wickard said, "and that farmers would like nothing better than an opportunity to prove that fact.

"Furthermore, the soil conservation that has taken place during the past 8 years has put farmers in a position to produce more and to produce it without the soil destruction that took place during the first World War.

"I do not want this food plan to be misunderstood. This action does not mean that we should scrap our farm programs and rush out to produce more of every farm commodity without regard for our soil or what this country and the other democracies will need. To do this would be to repeat the mistakes of the first war and would injure everyone concerned.

"This is not the time to waste soil fertility and farmers' efforts by producing without regard to actual requirements. It is only common sense to produce more of the commodities we need and to hold down on production of the commodities we don't need and aren't likely to need.

"For example, we are proceeding with plans for a marketing-quota referendum on wheat May 31. The world carry-over of wheat on July 1, 1941, is expected to be around the record carry-over on July 1, 1940, of 1,400,000,000 bushels. The carry-over in the United States is expected to be 380,000,000 bushels, over 150,000,000 bushels more than the average for the 10-year period 1930-39, which, in turn, was higher than the previous 10-year average. For various reasons England isn't taking much of our wheat and continental Europe is almost completely cut off as a market. For the protection of growers we need to take steps that will reduce the production of wheat, just as we need to increase the production of pork, dairy products, and some other foods.

"Wheat can almost immediately be converted into bread and other foods, but substantial increases in meat supplies must be planned in advance. Generally speaking, the supply situation of wheat is the situation of cotton, tobacco, and some minor commodities, and the Department plans to do what it can to prevent additions to burdensome surpluses of these crops.

"Agriculture is perhaps better prepared than any other industry to contribute fully to national defense. Through national programs for agriculture, farmers have the machinery to produce abundantly and efficiently. Given reasonable returns on their products, farmers will continue to produce abundantly and efficiently."

STATEMENT OF COMMISSIONERS HENDERSON AND ELLIOTT

Supplementing Secretary Wickard's statement today, National Defense Advisory Council Commissioners Leon Henderson and Harriett Elliott said that the new food program had been worked out after consultation with their offices and that it had their approval as a price and supply stabilization measure.

"This program," they said, "contemplates moderate price increases for certain commodities over the 2-year period which will cover the costs of additional production required during the coming year. At the same time it should forestall more extreme price advances later on by insuring consumers of adequate supplies.

"The prices set forth in Secretary Wickard's statement are an assurance to consumers, as well as producers. Our offices have arranged to keep in close touch with the Department of Agriculture at all stages in this program and to advise with it on purchase-and-sale operations as these affect prices. In the event of unwarranted or speculative advances we will not hesitate to ask the liquidation of supplies to maintain price stability. At the same time we intend to watch processors' and distributors' margins to make certain that there are no increases in these spreads as a consequence of the program.

"It is particularly important that consumers and the Government be given the benefit of current prices on stocks now held by processors and distributors and which were acquired at prices below those which will be maintained henceforth."

Mr. GORE. Do you know of any reason why the farmers should be asked to produce things at less than parity when every other item that has been furnished is on a profitable basis?

Mr. RANDOLPH. I think it is very unreasonable to expect the farmers to produce food for defense at less than a parity price or a fair exchange value, when both labor and industry are profiting by the production of goods for defense.

Mr. GORE. Of course, you as a representative of the Farm Bureau, will state that the farmers are willing to make as much sacrifice as anybody.

Mr. RANDOLPH. That is correct.

Mr. MONROE. Would it not be pretty good business if you were a cotton farmer if you had a little acreage there that permitted you to raise hogs as well as some cattle to be under guaranty of 85 percent of parity and figuring on the guaranteed lower price of hope prices would go up to parity? It would not be a sacrifice on your farm production if you got 85 percent? You would not take a great gamble on the thing, would you?

Mr. RANDOLPH. I am a cotton farmer, and I do produce hogs, and I believe I am entitled to 100 percent of parity if the Government asks that the production of hogs be expanded for defense purposes.

Mr. DEWEY. I did not hear. Did you say "be abandoned"?

Mr. RANDOLPH. I said "be expanded for defense purposes."

Mr. MONRONEY. Being a prudent farmer, and knowing the demands for high protein food is going to be greatly in excess of what it is now as a practical farmer and a prudent farmer, would not you already have increased your hog production to a certain extent anyway without even an 85-percent floor?

Mr. RANDOLPH. I could not answer that. I have not increased it very much, if any.

Mr. MONRONEY. You have or you have not?

Mr. RANDOLPH. I have not.

Mr. MONRONEY. You have not?

Mr. RANDOLPH. I have not in recent months.

I have about the same number of hogs that I had last year.

I might have, if I had been prudent, as you said.

Mr. MONRONEY. No; I think you have been a very good farmer. But I was just wondering if studying the national situation if you had not shifted your production a little bit and gone into it to a greater degree.

Mr. RANDOLPH. There is quite a problem of feeding and so many other factors that that has not been the case.

Mr. MONRONEY. With the 100 percent guaranteed parity price you would go ahead with greater hog production?

Mr. RANDOLPH. I do not think this particular item here is going to affect my particular hog production either way.

If the Government wants more hogs for defense I, of course, would be willing to produce them.

As I said, I do not want to make it a personal matter, and, as I said, I think all farmers are entitled to 100 percent of parity on their hogs.

I do not agree with your 85-percent idea with the hope that it might go up to 100 percent, because that might be just hope.

Mr. SMITH. You represent, I understand, your organization in Alabama: is that right?

Mr. RANDOLPH. Yes, sir. I live in Alabama, and I am president of the Bureau.

Mr. SMITH. I take it your thought and philosophy on this whole whole program is representative of your organization throughout the country?

Mr. RANDOLPH. Well, I hope so.

Mr. SMITH. In the early part of the revolution in Russia, if you will go back and read the speeches and propaganda put out by Lenin and his associates, you will see that stress was placed upon the need of rescuing the farmers. That apparently was uppermost in the minds of the early revolutionists.

As their program developed industrial groups in the municipalities and cities eventually got control of the whole program, and then immediately took advantage of their position and operated to the detriment of the very people in whose behalf the Communist leaders had originally vehemently protested.

We in the United States are in the process of centralizing all the powers of government. It seems to me there is very little question but that we are in the process of developing absolutism, or totalitarianism.

The point is this: Suppose we arrive at a place where this power is virtually complete, is it not likely the nonfarm industrial group of the United States will do precisely what the same group did in Russia?

Mr. RANDOLPH. Of course, in your question you made certain assumptions with which I must respectfully say I do not agree.

Mr. SMITH. You do not agree? Would you mind saying what they are?

Mr. RANDOLPH. I could not repeat your words, but as I understand you, you seemed to be saying that we were not preserving democracy in this country, and I would disagree with that.

Mr. SMITH. You do not disagree, though, with the statement that the Russian—

Mr. RANDOLPH. I am not acquainted nor have I read the matter you refer to on the Russian situation.

Mr. SMITH. Let me put the question this way—

Mr. RANDOLPH (interposing). I think I can answer you.

Mr. SMITH. If you do not agree we are developing totalitarianism or absolutism in this country, do you think there is any danger at all that we might?

Mr. RANDOLPH. I might answer that question in this way: We are asking Congress, which is representative of the people, to set up certain standards here for the executive branch of the Government to follow, and I think that is a democratic principle, and I think Congress should set such standards rather than leaving them to the discretion of an executive in one of the branches of the Government. I think that would help further in the preservation of democracy.

Mr. SMITH. Let us put it this way: Suppose it develops that this power is centralized and becomes absolute, can you see the danger there would be to the agricultural group? I am saying suppose this would take place; I am not saying it will; can you see the danger to the agricultural group?

Mr. RANDOLPH. I believe your question is, if too much power is centralized in the Federal Government would there be some danger to the agricultural group?

Mr. SMITH. Because the power would be in the control of the nonfarm industrial group.

Mr. RANDOLPH. Of course, I come from a section which has traditionally been for States' rights, and as a general principle I do not necessarily favor the centralization of power in the Federal Government, but to make a blanket statement on the subject I think it would take quite a while and we would have to define our terms more exactly, because I do not know to what extent you mean when you say centralization of power in the Federal Government.

Mr. SMITH. Let us confine it to this one point: I am merely asking if such a thing should develop can you see the danger of the nonfarm industrial group getting control and taking advantage of the farm group?

Mr. RANDOLPH. I do not contemplate a situation here in this country such as occurred in Russia. The situation here is quite different to that in Russia.

Mr. SMITH. Let me make a suggestion, and I will make it very brief. I think there is very grave danger. I think the course we are pursuing at the present time is identical with the course pursued in Russia, I feel what may happen here is the centralization of this control to a point where the nonfarm industrial group may have complete control, and then where will the farmers' interest be?

Mr. RANDOLPH. I might say that for many years the financial interests and the industrialists of this country did have too much control of public questions.

Mr. SMITH. That is all.

The CHAIRMAN. All right, Mr. Randolph. Thank you for your statement.

Mr. O'Neal, who else have you?

Mr. O'NEAL. Mr. Johnson, of California, the great State that produces fruits and vegetables, would like to make a brief statement.

The CHAIRMAN. I wish to introduce Mr. Alex Johnson, an employee of the California Farm Bureau Federation, and who has had much experience in farm matters.

STATEMENT OF ALEX JOHNSON, AN EMPLOYEE OF THE CALIFORNIA FARM BUREAU FEDERATION

The CHAIRMAN. Have you a prepared statement in writing?

Mr. JOHNSON. No, sir. I should like, Mr. Chairman and members of the committee, to address my remarks to Mr. Gore's amendment and to the suggestions of the Farm Bureau for amending his proposal.

I read Mr. Gore's amendment with very much interest, because we have been working for parity for all commodities for quite a long time without very much success. However, in trying to apply that to our experiences under the Commodity Credit Corporation it appeared to me it might prove a disservice to agriculture by putting it in the words it is in. I concur in the suggested changes recommended by President O'Neal.

In my experiences of the last few years, along with growers of different commodities, I have had to go to the Commodity Credit Corporation, asking for loans to stabilize the situation in the marketing of various crops. We may have asked for assistance at a certain price per unit of the commodity and not have received our request, but we have noticed that by the end of the year the entire funds of the Department have been used, so that apparently they have used all the funds amongst all the petitioners for assistance.

It appeared to me then if it was mandatory upon that Department that they must use these funds at parity for every commodity that the funds would not be sufficient and would not be of assistance to all groups that need help. For that reason I am in favor of the statement worked out by the American Farm Bureau Federation as read by Mr. O'Neal, which was intended to be suggestions for amending the Gore amendment.

Under item No. 1 of that, which is addressed to those commodities of which the Government tries to stimulate production, a thing which

has not been brought out before this committee in the testimony today or yesterday relates to some of the things involved when a farmer responds to the request of the Government that he extend his production. If a patriotic farmer today was to decide to respond to the request for additional production and put in a string of dairy cows, before he went out to buy his string of dairy cows, assuming he owns his land, he would have to spend \$150 per head of cattle to put up housing for them on the farm in conformity with the sanitary regulations that apply today.

If he was going to put in a commercial flock of chickens for egg production he would have to spend \$4 per head of the number of poultry he was going to put in, laying birds that he was going to put in, after he owned his land, for housing and facilities for the flock before he could go into business.

He is only asked to go into business in an emergency for an emergency period. Now there are none of us who hope that the emergency will last long enough for him to get his money back out of his capital investment.

Most of you remember how at the close of the last war farm prices broke and the demand ceased.

You heard yesterday that the Department is going to stimulate the production of white beans by 35 percent, and I can remember very well when many farmers were trying very hard to find a market at 75 cents a hundred for those beans at the close of the last war after they had produced them.

Section 1 is mandatory that loans should be made available. It is not that the Secretary has agreed to underwrite the price to 1942, because that is not very greatly needed.

The real difficulty is going to come when the demand ceases and somebody has to support the market for beef products and dairy products or support the market for poultry, because we do not need the quantity of them any more.

With reference to the third item, this requires that all purchases by the Surplus Marketing Administration be directed toward restoration of parity prices. It does not provide in every case that they will have to approximate parity prices. But if the money that is available is honestly expended in an effort that is directed toward restoration of parity prices, I think that that is all we as farmers could ask in the case of the commodities on which there is no production control or marketing quotas, and of which the Government is not asking growers to increase their production.

I am not going into the matter of the new use for grapefruit, which has been developed at this hearing. It is the first time I have found grapefruit used for "red herring." But we do recognize that the prices are very much out of line, and it is a surprise that some effort has not been made by the administration to submit to the Congress recommendations for the establishment of parities that are in line with each other on some of these crops that are out of line.

Mr. GORE. You are not undertaking to uphold the parity floor of grapefruit under the present definition?

Mr. JOHNSON. I lived in California 4 years before I tasted a grapefruit, from 1906 to 1910, because they were out of my price class. And, of course, it took quite a little while after that before I was a regular

consumer of grapefruit. As the production increased the price came down. And I think it is just illustrative of the thing that has proven itself many times in agriculture, which is that you must not have aristocrats among the agricultural commodities.

Any commodity that gets very much out of line in price invites production from other producers until it usually goes from pretty near the top to very close to the bottom. Grapefruit today is among those at the bottom.

Mr. GORE. You suggested there that you, as a representative farmer, would be satisfied with the requirement that the Surplus Marketing Administration use their purchasing power to bring about parity prices? Was not that what you said?

Mr. JOHNSON. To be directed toward it. I had reference in this statement only to those commodities which do not have production control or marketing quotas or which the Government is not asking growers to increase their production for national-defense purposes. Under these conditions I favor the mandatory restrictions advocated by Mr. O'Neal. There may be some commodities in the United States, Mr. Gore, that would not dare approximate parity. They might be afraid of the results. In such cases it would be necessary to revise the parity goal.

Mr. GORE. Do I understand your position there is synonymous with the position of the American Farm Bureau Federation recommendations?

Mr. JOHNSON. Yes, sir; we are in entire agreement.

Mr. GORE. You recognize, then, that there is a very vital difference, as Mr. Perkins said yesterday, between a basic and a perishable commodity?

Mr. JOHNSON. No, sir; they are both produced by farmers who are striving to get parity.

But let me use this as an illustration, just as an illustration: Let us suppose today that English walnuts have a parity price of 16 cents a pound. The walnut producers might be afraid today to go to 16 cents a pound because of inviting imports from foreign countries. They might elect to keep the price low because of the thing that parity might be doing to them.

Mr. MONRONEY. Would not they be afraid of a purchaser's shift into pecans or some other nut?

Mr. JOHNSON. They are all fighting together against cashews and other forms of nuts which take the market away from them.

Mr. MONRONEY. Is it not a fact that there are some other commodities in competition with them on which the parity price would be at a great variance? I do not have those in mind, but it seems to me like strawberries would be in competition with other fruits and berries, and if parity price was used it might be worse than if it were not, if a situation occurred, as you say, like on the English walnuts where prices are kept down to a domestic price that the traffic will bear.

Mr. JOHNSON. I think that is the case. Of course, if all of them went up you would meet domestic competition. Take, for instance, you might have a heavy crop of apples this year, and actually the farmer might be well pleased with parity because of the crop he has to sell.

Mr. MONRONEY. I think you are exactly right on that.

Mr. JOHNSON. It might cost him \$75 an acre to take care of his ground, and if he had a double crop it would only be the cost of the apples and marketing, and he would be that much better off.

Mr. MONRONEY. If we buy certain crops at less than parity we might be defeating our own purposes, rather than supporting the prices.

Mr. JOHNSON. That is what I am afraid of; yes.

Mr. GORE. You would suggest in lieu of the absolute requirement that there be purchased—

Mr. JOHNSON (interposing). I beg your pardon?

Mr. GORE. Then you would suggest in lieu of the absolute requirement, that purchases be made not below parity, that they be made by the agency with the intent of bringing the commodity to parity?

Mr. JOHNSON. That is right; in order to create a parity of income.

Mr. GORE. Of course, that is what I mean.

Mr. JOHNSON. Yes; but again I am referring only to those commodities which are not included in the conditions I have already referred to.

Mr. GORE. Is that the position which you are suggesting?

Mr. JOHNSON. Yes. On some of these special crops the remarks which I make might not be directed to all commodities that do not have so much competition among themselves in foreign competition, but I am intending to include those I am speaking about which are in this peculiar position.

Mr. GORE. Just which ones are you speaking about?

Mr. JOHNSON. I could not list them all. I would be thinking about most of the fruit and nuts and most of the vegetables.

Mr. GORE. Are you speaking for any of the commodities which were mentioned in the April 3 announcement?

Mr. JOHNSON. No; we have covered those in this section 1. They are very definitely covered in the first recommendation, which is No. 1.

I am addressing myself to what we usually speak of as specialty crops, on which we have no marketing quotas or production control, and which are not included in the group referred to in recommendation No. 1.

Mr. MONRONEY. The point is right there that the amendment should be so drawn to at least specify the demand crops we are trying to increase production on, and give them protection up to 100 percent. Then on the other ones where there is no great national emergency to increase the production let them have the market support to boost them along on a general policy in order to bring about as near parity as is advantageous to the industry itself.

Mr. JOHNSON. Yes.

Mr. SMITH. Mr. Chairman, I wish to make a parliamentary inquiry. Is it the intention of the committee to have these hearings printed?

The CHAIRMAN. Nothing has been said about it, but I assume they will be.

Mr. SMITH. The only reason I asked is because several hearings we have had on bills were not printed.

The CHAIRMAN. Some of the discussion on the R. F. C. was executive, and the things discussed were such that it was not thought desirable.

Mr. SMITH. I did not think so either.

The CHAIRMAN. In this case I presume everybody will want the hearings printed. Is that all?

Mr. MONRONEY. I would like to ask him one more question, if you do not mind.

The CHAIRMAN. Certainly not.

Mr. MONRONEY. If we establish parity prices for these five needed defense commodities, as has been discussed here, you agree we want to freeze the market price through that procedure? And the price will vary up from parity, will it not, in the market?

Mr. JOHNSON. Personally, I hope it does not vary up too much. We have been afraid of too much price as well as low prices.

Mr. MONRONEY. That is the point I am making. Suppose you put it slightly below parity and let it reach it of its own accord, rather than having a definite prop supporting it. I think the commodity should reach parity of its own accord rather than having a definite prop holding it right against itself.

Mr. JOHNSON. I think if you want to get these increases in some of these crops on account of an emergency you have got to give some assurance of price, because I have indicated some of the capital investment to go into them for a short period of time, and the man that raises those is going to lose money anyway.

Mr. MONRONEY. Would it require 100 percent parity price or 85 parity price?

Mr. JOHNSON. He will need more than that to allow him to break even. There won't be any place for him after the emergency has passed.

Mr. GORE. Your position is taken largely on the products in the State of California.

Mr. JOHNSON. On the products of the State of California, and the competing products of other States; yes, sir.

The CHAIRMAN. Thank you very much for your statement.

We will call a meeting Monday or Tuesday, according to the business in the House, hoping it will be Monday.

(Whereupon, at 1:50 p. m., an adjournment was taken sine die.)

CONTINUANCE OF COMMODITY CREDIT CORPORATION

MONDAY, JUNE 2, 1941

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

(The committee met, pursuant to notice, at 10:30 a. m., for further consideration of H. R. 4694, Hon. Henry B. Steagall, chairman, presiding.)

Members present: Messrs. Steagall, Williams, Spence, Ford, Brown, Patman, Gore, Mills, Monroney, Hull, Wolcott, Crawford, Kean, Miss Sumner, Messrs. Smith, and Dewey.

The CHAIRMAN. The committee will come to order. Dr. Robbins. Mr. ROBBINS. Yes, sir.

STATEMENT OF CARL B. ROBBINS, PRESIDENT, COMMODITY CREDIT CORPORATION

The CHAIRMAN. My recollection is that a statement was made by Dr. Robbins, or someone representing the Corporation or the Department of Agriculture, that we should add \$200,000,000 to the amount provided for loans under this bill, that that much would be required to supply loans on the basis of 85 percent of parity. Mr. Williams remembers that just as I do. Dr. Robbins told me in private conversation this morning that testimony was later given and is in the record to the effect that it would require \$242,000,000 additional, according to the calculations of the Department, to supply funds sufficient for loans upon a basis of 85 percent of parity. In order to make sure that the committee has the view of the Department properly in the record, I want to ask Dr. Robbins to explain that again.

Mr. PATMAN. Mr. Chairman, before you do that, why do we not get the record of these printed hearings? There is no reason why we should not get them, and then we could keep up with things like that, and we could correct them easily at our own pleasure and convenience. It is not very convenient to wait until everything is finished and then to go back over the record.

The CHAIRMAN. If that had been suggested at the beginning of the hearings, we would have done it.

Mr. PATMAN. I think we ought to do it in every case, Mr. Chairman.

The CHAIRMAN. Yes; I think that is a very good suggestion.

Mr. PATMAN. That is all.

Mr. ROBBINS. When in the course of these hearings it became evident that the law would probably be changed to fix loans at 85 percent of parity, as I recall a spokesman for the Department of Agriculture was requested to offer an estimate forthwith of how much additional borrowing power would be required for the Corporation to make the

larger loans, and I believe the record will show that an offhand guess was made that at least, or not less than—I do not recall the wording of it—\$200,000,000 additional would be required, and that an estimate would be prepared. Such an estimate was prepared; and as I recall it may have been inserted in the record. It showed that the minimum increase in borrowing power that would be required in order to make the 85 percent of parity loans, rather than 75 percent loans, totaled \$242,000,000.

Mr. CRAWFORD. In addition to the \$1,000,000,000?

Mr. ROBBINS. Yes, sir; in addition to the \$1,000,000,000 which is specified in the bill at the present time.

It might be added that obviously it is difficult to estimate the amount that will be required, because of the great difficulty in undertaking to predict the number of units of a commodity that will be brought under loan. It might well happen that, in addition to the higher rate of loan, more commodities may be brought under loan as a consequence of the increase in rate, in which event more than \$242,000,000 would be required. That is a minimum estimate of the increased requirements, Mr. Chairman.

The CHAIRMAN. Under the parity law recently passed?

Mr. ROBBINS. That is correct, sir.

Mr. CRAWFORD. In other words, Dr. Robbins, a situation could develop wherein out of the cotton crop of 1941 a much greater percentage of cotton could be inducted into loan than is carried in this rough calculation which has been made?

Mr. ROBBINS. Yes, sir. It could very well happen, that we would have more cotton going into loans temporarily than had been anticipated; but, of course, in order to meet the requirements of domestic mills, such additional cotton it would have to be withdrawn from the loan before the end of the marketing season.

Mr. BROWN. Is the price of cotton nearly 85 percent of parity now?

Mr. ROBBINS. It has not reached 85 percent of parity yet, Mr. Brown.

Mr. SMITH. Mr. Robbins, will there not also be great uncertainty about that amount being adequate, according to the rapid rise in costs at the present time of the machinery and other products that the farmer buys?

Mr. ROBBINS. Yes, Mr. Smith; it is quite conceivable that there may be a further rise in the cost of articles purchased by farmers between the present time and the time at which the loan rates would be fixed on the crops produced this year. However, upon the determination of the loan rate, for instance, a loan rate on cotton which will be made effective not later than August 1, that loan rate is employed for the balance of the marketing season regardless of changes in parity. The same policy is followed with other crops. That is, the loan rate is fixed at the beginning of the marketing season and not changed during that particular marketing year.

Mr. SMITH. And to the extent to which there would be a rise in the costs of those products the farmer has to buy as compared to what they are now, the farmer simply would be under this program deprived of parity?

Mr. ROBBINS. That is true. Agricultural legislation provides that the loan shall be a given percent of the parity prevailing on certain dates, which are at the beginning of the crop year. Of course, if the general price level should decline, the effect would be reversed.

Mr. KEAN. How often are these parity figures made up by the Department? How often do they refigure the parity figures?

Mr. ROBBINS. They are made up at various intervals. Many parity figures are available monthly.

Mr. KEAN. Monthly?

Mr. ROBBINS. Yes, sir.

Mr. HULL. Can you tell me, Mr. Robbins, how they figure the parity on dairy products, for instance, butter, down to 34 cents, and at the same time the farmers and the agricultural colleges in the dairy section are insisting that the parity price on butter should be 39 cents? How does it happen that the Department of Agriculture figures down all the time when the farmers and the agricultural colleges are figuring up on parity prices? Is there any explanation of that?

Mr. ROBBINS. I am sorry that I am not able to account for the difference to which you refer. I am sure, however, that the Department of Agriculture would not be inclined to figure down, nor would the State colleges be inclined to figure up. All of those institutions would be striving to find out what the actual facts are. One of the greatest differences in parity bases arises when parity is computed not nationally but for an area. In the case of corn, for instance, there is about 5 cents per bushel difference in parity on a national basis and parity on a Corn Belt basis. Now, some such condition may account for the spread that you speak of between two parity prices for butter. However, I am not acquainted with the facts on butter parity, and cannot answer your question definitely.

Mr. HULL. Parity prices are applied nationally, and then, if I understand you rightly, they are not fair to some sections of the country, while they may be fair to others; is that right?

Mr. ROBBINS. The normal price levels within a country are different, of course, for the different sections, because, among other factors, the cost of transportation is greater from one producing area to the central markets than it is from other areas. That might be found, although I am not at all sure, to be the basis of the difference to which you refer.

The CHAIRMAN. I want to ask you one question about that, Mr. Robbins, that I think would be of interest to the committee. When will you fix the time for the loans to be made on the five basic commodities?

Mr. ROBBINS. We try to make loans available not later than the beginning of the marketing season.

The CHAIRMAN. For each of those commodities?

Mr. ROBBINS. Yes, sir.

The CHAIRMAN. Specifically, when would you expect to get the loan price on cotton?

Mr. ROBBINS. Not later than August 1.

Mr. PATMAN. What do you think it would be now; do you have any idea approximately?

Mr. ROBBINS. On the basis of present parity, it would be just a little more than 13½ cents a pound.

Mr. PATMAN. Between 13½ cents and 14 cents?

Mr. ROBBINS. That is correct, sir.

The CHAIRMAN. All right; thank you, Doctor.

Miss SUMNER. Would you mind giving us your opinion of this Gore amendment? I want to know whether it is a good thing for the

farmers, or whether it is unjust. Could you give us some comment on that, Mr. Robbins?

Mr. ROBBINS. Well, the Gore amendment represents, obviously, a very praiseworthy desire to increase farm income. The effort to get farm income up at least to parity is not only praiseworthy but it is not enough, because even though the farmers were to get parity today on the basic crops, farm income would still be so low that those living on farms would not receive a share of the national income anywhere nearly in proportion to the ratio of farm population to nonfarm population.

However, before applying a rule which would require the purchase of commodities at parity, it would obviously be desirable to redefine parity so that it would be fair and reasonable as among the various crops. Parity today may be roughly fair and reasonable among basic crops and some other crops, but for several of the minor crops it is not comparable with the parities for the basic crops. Another difficulty would be an administrative one which Mr. Perkins described. He pointed out that if the law required that all purchases be made from farmers at not less than parity, then, possibly, before funds could be used legally the Comptroller General might insist that evidence be obtained in each instance that the farmer had received at least parity for the product sold. That of course would be a terrific waste of funds. The real purpose of the proposal could be accomplished by undertaking to maintain the average market price—perhaps it could not be maintained every day—at such a figure that the farmers would receive on the average parity and thus avoid all the expense of auditing operations in reviewing literally millions of transactions.

Another difficulty is that before making it mandatory to pay parity for everything, it would seem desirable to provide the funds. Otherwise, you would create an anomalous situation. If funds were not available in an amount adequate to purchase a sufficient quantity of the surpluses of the various commodities bought so that the market price for the remainder of the supply would reach parity, we would be confronted with the legal requirement of paying parity to a few farmers, namely, those who could sell their surpluses to us with the limited funds that we had available, but other farmers would receive less than parity.

As to prohibiting the release of loan stocks at less than parity, I believe that the amendment does not undertake to increase farm income in the best manner. It would seem that the better way to increase farm income would be to assure that the farmer will get at least whatever minimum price seems fair and reasonable at the time of marketing his crop. After surpluses have come into the possession of the Government, instead of locking them up in storage under a rule that would prevent their sale at less than a price you could hope to obtain, it would be better for farmers to get rid of the surpluses in any way possible: that is, by export, by using them for school lunches, by direct relief sales, and through a diversion program, through normal uses, through the avenues made available by the so-called lend-lease bill, in any way to get rid of the excess surpluses. That is, those beyond any reasonable reserve for emergency needs, either here or among the democracies abroad, because the surpluses left on hand

needlessly long are expensive to carry—they deteriorate, and they remain as a constant cloud over the market for the new crops. Moreover, by failing to get rid of them we might, at the same time, be failing to meet some real needs for consumption of surplus products. So that if you ask for a personal opinion, I should say the better way to handle the matter is to increase farm income at the time a crop is harvested and then, if a burdensome surplus has been acquired, distribute it as rapidly as possible.

Mr. WILLIAMS. Does the Commodity Credit Corporation dispose of the loan stock now in any other manner than that which you have mentioned? Do they actually sell it on the market; you have not adopted that policy, have you?

Mr. ROBBINS. In the case of cotton, it has been, in effect, sold on the market, through a barter agreement with Great Britain, exchanging it for rubber.

Mr. WILLIAMS. I understand that, but have you gotten out into competition with domestic, current production?

Mr. ROBBINS. Well, every effort is made to time and handle the sales made in such a manner as not to unduly depress the price or otherwise interfere with the marketing of new crops. Sales are usually made between harvesting seasons; and many products have been sold.

Mr. WILLIAMS. Do you think it has been without injuring the current production or the current market?

Mr. ROBBINS. No, sir; I could not say categorically that any sale is without influence on the market for either the most recent past crop or the next future crop to be marketed, because any unit placed on the market, of course, increases the supply of that product.

Mr. WILLIAMS. Now, in order to have this in the record, and I think it is already there, but in order to get it there again, you cannot dispose of cotton at a lower rate than the price which the Government has invested in it? You cannot dispose of it at a loss?

Mr. ROBBINS. That is right, sir.

Mr. WILLIAMS. Now, does that apply to any other products?

Mr. ROBBINS. No, sir.

Mr. WILLIAMS. Just to cotton alone?

Mr. ROBBINS. That is correct, sir.

Mr. WILLIAMS. Do you have in mind what the Government has invested in Government-owned cotton at the present time?

Mr. ROBBINS. Yes, sir.

Mr. WILLIAMS. I mean per pound; what would it run and how would it run?

Mr. ROBBINS. The cost to the Government of its presently owned stocks of 1934 crop cotton is approximately 16 cents per pound. The cost to the Government of its presently owned stocks of 1937 crop cotton is between 11 and 12 cents per pound. That includes all of the cotton owned by the Government. So, the fact is that today the Government legally could sell its stocks of 1937 crop cotton. However, there is no need in the case of cotton for the Government to sell its own stocks because some free cotton is available and large loan stocks owned by farmers are also available to meet marketing needs.

Mr. WILLIAMS. The Government has between 11 and 12 cents a pound in its own cotton at the present time, has it?

Mr. ROBBINS. Yes, sir; for the 1937 crop of cotton. For the 1934 crop it is 16 cents a pound.

Mr. WILLIAMS. Altogether, what is the Government's investment in cotton?

Mr. ROBBINS. Well, the average, on the whole, would be approximately 13 cents.

Mr. WILLIAMS. What do you have in corn? What is your average investment in the corn stock?

Mr. ROBBINS. About 64 cents or over.

Mr. WILLIAMS. And in wheat?

Mr. ROBBINS. Possibly 78 cents—I would like to check that. Mr. Farrington says it is about 75 cents.

Mr. WILLIAMS. On that basis, all of these major products could be disposed of at a profit to the Government now—they could be, not saying that it should be done—but if they were actually put on the market, the market price would be above the amount the Government has in them?

Mr. ROBBINS. A few units could be sold at a profit, Mr. Williams; but, of course, if the Government should release on the market the large quantities it owns, it would depress the price and perhaps soon force it below the investment.

Mr. WILLIAMS. I am not talking about the policy of doing that, but I am saying that if you took an inventory of it at the present price, the market value would be above the amount they invested in it.

Mr. ROBBINS. That is correct, sir.

Mr. DEWEY. Where did the figure of 17 cents a pound come in, Mr. Robbins? It seems to me I remember that figure as what the Government has in it, during the discussion of the storage of cotton. Is my memory at fault on that figure?

Mr. ROBBINS. There may have been a reference made to the fact that the investment of the Government in the oldest cotton on hand, namely, the 1934 crop of cotton, is between 16 and 17 cents per pound.

Mr. WILLIAMS. That is due to the carrying charges during all of these years?

Mr. ROBBINS. That is correct, sir.

Mr. CRAWFORD. Following up Mr. Williams' line of questions, if you set the loan value at 100 percent of parity, then an inventory taken would show a profit on a lot of the cotton, a considerable profit?

Mr. ROBBINS. That is correct, sir, because the loan rate influences the market price.

Mr. CRAWFORD. In other words, the inventory valuation is now being controlled, we will say, or manipulated, or whatever language you want to use, by the action of Congress?

Mr. ROBBINS. That is correct, sir, if you measure inventory values on the basis of quoted prices—

Mr. CRAWFORD. Yes.

Mr. ROBBINS. But if you were to sell the 6,000,000 bales now owned by the Government, the price would become depressed so you could say that, in reality, the current price is not its economic value.

Mr. CRAWFORD. In other words, at the moment it became known that Congress was, by legislative action, going to withdraw the support to the market and the commodities owned by the Government were to be sold, the chances are your market would go completely to

pieces, and the prices would decline anywhere from 3 to 5 to 7 cents a pound on cotton, and there would be the some relative declines in the prices of wheat and other commodities which are held in big quantities.

Mr. ROBBINS. That is true, sir, and that shows why it is very important to have funds made available to make loans on the cotton now growing.

Mr. CRAWFORD. Going back to the comments on the Gore amendment, the more I think about the amendment, as sympathetic as I am to parity, the more impossible it seems to me to administer the intent of the amendment by reason of the absence of Congress putting into your hands the necessary funds to leave you a free agent to act quickly and instantaneously at all times in connection with market moves and implementing you with the proper personnel, and you might say with the power in your hands to incur unlimited administrative cost to do whatever is necessary to act instantaneously and juggle as the market requires you to do. That is really what you require to make his amendment a success?

Mr. ROBBINS. Yes, sir; administratively it might be impossible to carry it out under the present limitations of funds.

Mr. GORE. I find myself very close to an agreement with Mr. Crawford. I take it from what you said this morning, and also Mr. Perkins said the same thing, that you are perfectly in accord with the broad objectives of the amendment which I have proposed?

Mr. ROBBINS. Why, most certainly, Mr. Gore. I know of nothing more desirable during these times than to bring about an increase in the amount of farm income to the end that eventually the farmers may have their proportionate share of the national income.

Mr. GORE. As to your administrative difficulties which Mr. Crawford was talking about, I do not believe that they can be dismissed as easily as they have been dismissed by some of our witnesses.

Mr. ROBBINS. I think you are correct in that, sir.

Mr. GORE. Following up the thought that Mr. Williams brought out, you said that if the stocks of wheat, and so forth, were put on the market, placed on the market, they would depress prices, of course.

Mr. ROBBINS. Yes, sir.

Mr. GORE. Now, in the announcement of April 3, the thing that disturbed me, and disturbed a lot of Members of Congress, was that the Secretary of Agriculture and Mr. Henderson said that they would not hesitate to release these stocks under certain conditions, which were left to them to decide. What would be your comment on that?

Mr. ROBBINS. Well, I doubt that there has ever been any intent on the part of the Secretary of Agriculture or any other official of the Department of Agriculture to release stocks in order to reduce present prices. The President made a remark in his statement in connection with his approval of the recently passed law requiring loans on 85 percent of parity on basic crops, that he hoped nothing would be done to freeze surplus stocks so that they could not be used to meet defense or other emergency needs that might arise.

Mr. GORE. I have just one more question, Mr. Robbins, and then I am through. In reply to an interrogatory from Miss Sumner, you suggested that instead of the rigidity contained in the amendment

which I have proposed, that it would be more practical and administratively more feasible to direct an undertaking that an average price be aimed at. I do not think I quite understand just what you had in mind there.

Mr. ROBBINS. This is the difference: If the law required that an effort be made, within the limitation of funds available and after parity had been fairly defined as among various crops, to maintain prices at a level that, on the average, would give the farmers not less than parity, no auditing of individual transactions would be required; but if the law required that purchases had to be made at not less than parity prices to farmers, then it would be necessary, technically, to audit the individual transactions in order to know that for each pound of butter purchased, or each unit of other commodity purchased, the actual producer of that commodity unit had received parity for it. That administrative task, of course, would be enormously expensive.

Mr. GORE. I take it, then, that there would be no objection from the Department, from an administrative standpoint, to the suggestion which you made there?

Mr. ROBBINS. Well, Mr. Perkins is in charge of the programs of the Surplus Marketing Administration, and I believe that what I have stated is in agreement with his observations. I doubt that there would be administrative objection if the arrangement finally worked out were such that all needless costs were avoided.

Mr. GORE. That is all.

Mr. FORD. I have one question. If, for instance, the funds available enabled the Corporation to purchase, let us say, 70 percent of the available surpluses, would not the producers of the remaining 30 percent be subject to a loss of considerable magnitude on their commodities?

Mr. ROBBINS. Yes, sir; the result would be a serious inequity, because some of the producers would get parity, and some of them would get a market price of less than parity for their commodities.

Mr. FORD. And is it not conceivable that even their loss, even though only on 30 percent of the whole group of commodities, might conceivably reduce the whole farm income we are now trying to raise up?

Mr. ROBBINS. That is correct, sir. The limitation of funds we have had has been such that all the surpluses could not be purchased so as to bring the price of all crops to parity. Until S. M. A. funds are increased it is better to use such funds as are available to remove as many units of the product from the market as possible, because it is the number of units left on the market that determines the price for the large portion of a crop.

Mr. FORD. Then the only solution would be to have your borrowing power increased to some estimated amount whereby you could purchase all of it, and that would be a fantastic figure?

Mr. ROBBINS. It would be a large figure, but it is more important to increase the appropriations of the Surplus Marketing Administration to enable that job to be done.

Mr. FORD. But outside of the administrative expenses, it would still be a fantastic figure?

Mr. ROGERS. Yes, sir; it would possibly be a large figure.

Mr. SPENCE. What amount of tobacco does the Commodity Credit Corporation own? Have you stated that and is that in the record?

Mr. ROBBINS. I believe it is in the record, Mr. Spence. The figures are, approximately, 300,000,000 pounds of tobacco.

Mr. SPENCE. What does that cost the Government at the present time?

Mr. ROBBINS. The average for all tobaccos is approximately 24 cents per pound.

Mr. SPENCE. 24 cents?

Mr. ROBBINS. Yes, sir.

Mr. SPENCE. Does the Commodity Credit Corporation own a large stock of burley on hand?

Mr. ROBBINS. No, sir; but burley is included in the record of detailed stocks.

Mr. CRAWFORD. I want to make a brief observation and then see if you bear it out. Going back to Mr. Gore's statement with reference to the April 3 announcement, from official statements by the Secretary of Agriculture, and Mr. Leon Henderson's department, and Miss Elliot's department, specifically, and others in general, I keep getting the distinct impression that it is the intent of the Surplus Commodities Corporation, acting through Mr. Henderson, that if necessary purchases by that division of the Government will be reentered into the market in order to influence downward the price of commodities mentioned in the April 3 announcement. Now then, it appears to me that we are rapidly moving toward the hour when drastic action will have to be taken with reference to increased wages, that is, to prevent additional strikes, and, perhaps, prevent increased wages taking place in the major party of industry. Now if the administration, or Congress acting together with the administration, is forced to take that action to prevent strikes and to prevent an increase in hourly wages and at that time there develops among industrial workers a consumer bloc or group that brings pressure on the administration to prevent increased prices occurring on necessities such as those mentioned in the April 3 statement, and the Surplus Commodities Corporation at that time proceeds to sell back into the market goods previously purchased supporting the April 3 price, but not a higher price, do you see in the picture anything to prevent the Surplus Commodities Corporation from taking that very step? Would you care to comment on that at all?

Mr. ROBBINS. Yes, Mr. Crawford, there is plenty to prevent the Surplus Marketing Administration from undertaking to sell surpluses for the purpose of holding the market price of farm products down to those mentioned in the press release to which you refer.

In the first place, I believe that subsequent correspondence between Mr. Henderson and Congressman Cannon has made it clear that those prices were intended as a minimum price floor, which the farmers deserved to be assured of when they were being asked to expand their production. Otherwise they could not have known whether they might dispose of it at reasonable prices.

In the second place, the Surplus Marketing Administration, instead of selling back on the market, or even ceasing to purchase on the market, has continued to purchase certain supplies after their prices have advanced above the levels mentioned in that letter.

In the third place, so far as a conflict between the interests of farmers and consumers is concerned, I might point out that if you approach the problem of fixing prices from the standpoint of what is fair as between the two groups, it will be found that the income of the average consumer in the United States is approximately twice as great as the income of the average farmer in the United States; and, moreover, that the income of the lowest paid consumers in the industrial group, namely, the W. P. A. workers, is far greater than the income of the lowest paid of the agricultural workers, such as cotton sharecroppers and sharetenants. So that one would find it exceedingly difficult to contend that on the basis of fair prices as between farmers and consumers, prices should be held down even to the parity figures which we now have defined for the basic crops; and, finally, I cannot conceive of the Department of Agriculture wishing to do something which, in effect, would be unfair to farmers. After all, the Department was created for, and works to serve, the general welfare through improving the lot of agriculture.

Mr. CRAWFORD. In other words, you feel that if that issue I have referred to is actually raised, that the burden of proof would be on the consumers' group to show that they were being unjustly treated?

Mr. ROBBINS. That is certainly my feeling in the matter, and I think that the basic-income situation of the two groups makes it obviously true.

Mr. MONRONEY. During the questioning of Mr. Perkins, he devoted particular reference to the direct question of the effect of selling these surpluses which you have discussed. A simple statement of policy that the Surplus Marketing Administration could not dump these surpluses on the market and dispose of them at a price below parity would eliminate, apparently, almost all objections which have been made against Mr. Gore's amendment. His only objection to the Gore bill was on the question of parity prices that come back into the picture, and that it might be necessary to dump grapefruit, for instance, and other commodities, on the market at less than parity. Those, of course, are very small items in the big picture of trying to prevent dumping and preventing forcing of prices below parity by the Henderson group.

Mr. ROBBINS. The Surplus Marketing Administration does not normally sell on the ordinary market, anyhow.

Mr. MONRONEY. Yes; I know it does not.

Mr. ROBBINS. It has sold on the export market, and acquired farm products for relief distribution, but it has never sold anything in order to depress any market, but only to help farmers get rid of surpluses.

Mr. MONRONEY. If we are going into a new phase of commodity price control under the Henderson group, I do not think the committee members are fearful of the Department of Agriculture depressing agricultural prices below parity, but we now have a consumer-minded price-control section down there, and if they are not going to dump this stuff, what danger would there be in a prohibition against dumping it at less than parity?

Mr. ROBBINS. There may be situations under which it is desirable for the Commodity Credit Corporation to dispose of a surplus promptly at less than parity prices. For instance, we might have an opportunity to sell or exchange some more cotton for rubber or tin

or some other strategic material that we would like to obtain. If we desired to do that it would not be possible under the rule to which you refer.

Mr. MONROE. You can take care of that situation by granting exceptions, and limiting those exceptions to exports and relief.

Mr. ROBBINS. That is correct, sir, you could grant exceptions for the export situation, but even so it is desirable, I think, and especially in an emergency period of this kind, to leave the Secretary of Agriculture free to dispose of surpluses in whatever manner possible. Opportunities may appear that are quite temporary, and hence there would not be time to come to Congress to get specific exemptions granted. If we take the long view of the situation, we will find that such a rule would tend to put a lock on the warehouses and compel the Government to carry surpluses indefinitely. That is expensive, in terms of both storage and spoilage, and it may have a depressing influence over the marketing of the future crops that farmers will be selling. I believe that the approach is the reverse of what might seem more desirable, namely, to increase farm income at the time that the farmers' products are actually marketed, and then help the farmers by getting the surpluses disposed of wherever possible.

There is another incidental factor that should be mentioned. The eligibility of a participant for Commodity Credit loans under the triple A programs is often an incentive for participation in the production adjustment and in soil conservation programs. If the Government were prohibited from disposing of any commodity at less than parity, in an effort to bottle up surpluses and thus to create a temporary increase in market prices above loan rates, there would be a premium, so to speak, on nonparticipation in the triple A program. More advantageous, from the standpoint of keeping all farmers in the program and not encouraging a large group to drop out in order to get the benefits of it but avoid any burden of production adjustment, would be to maintain loan rates at whatever figures were fixed, say 85 percent of parity, or 100 percent, or any other figure, and then to have market prices at or even slightly below that figure. Otherwise participation might become so low that you would encourage a great increase in overproduction, and merely increase rather than decrease your surplus problem. This approach, locking up surpluses and preventing their liquidation, is the reverse of what should be done, namely, to give the farmers a reasonable price at the time they market their crops and then help farmers by getting rid of the surpluses in every way possible.

Mr. DEWEY. We have been referring to crop parity, and its meaning is probably well known to most of the members of the committee, but as I understand it, it is the relationship between agricultural products and industrial products between 1909 and 1914. Well, now, wages are rising and will probably rise further as a result of the defense efforts and the national-defense program. That reestablishes the price on these various commodities, and as the price of industrial products rises would you restate today's parity on wheat? It certainly could not be the same as it was 6 months ago or 9 months ago before the increased prices came about due to increased wages of workers in industrial products. Is there any automatic

arrangement, or does some department or some person handle it, or publish an index of these parity prices?

Mr. ROBBINS. Yes, sir, Mr. Dewey. The Bureau of Agricultural Economics publishes parity prices at regular intervals, many of them monthly. The parity prices, as you have indicated, should have, and actually have, advanced during the past 9 months.

Mr. DEWEY. Then, as to this question of parity prices of certain citrus fruits, I should think that they would be published as being very much lower than the parity prices as fixed by the original publication of the price for the base period 1909-14.

Mr. ROBBINS. No, sir; if I heard you correctly, that would not happen because the parity price of farm products changes with the cost of what the farmers buy.

Mr. DEWEY. I understand that.

Mr. ROBBINS. The reason that the parity price is out of line on this particular product—on grapefruit, which has been referred to frequently in the course of these hearings—is simply due to the fact that the grapefruit industry in the base period of 1909-14 was just beginning to develop on a substantial commercial scale, and grapefruit were then commanding a very high price. Today, in order for grapefruit to purchase as much of what the farmers use as grapefruit brought in the base period, it would be necessary to fix a price of parity for grapefruit that would give an unreasonable profit to the producers as compared to the profit at parity that would be obtained by the producers of basic commodities.

Mr. DEWEY. I appreciate that, Dr. Robbins; but is there no value given to improvements in the art? May not the parity prices be reduced, as they most certainly have today in the case of grapefruit, as compared to being increased as they must be in the case of those five basic crops—cotton, wheat, and so forth?

Mr. ROBBINS. The answer, Mr. Dewey, is "No," under the present law; that is, the present law relates parity prices merely to the actual prices that obtained in the base period, and does not take into account the changes in the cost of producing one crop as compared with the cost of producing another crop since the base period; and that is one reason the law would need to be amended before parity prices that would be equitable among all crops could be used for purposes of general legislation, such as is proposed in the Gore amendment.

Mr. DEWEY. Do you not think it would be feasible to have such an amendment made at this time when there is consideration of loaning on parity or percentages of parity and maintaining parity in Mr. Leon Henderson's department?

Mr. ROBBINS. Yes, sir; I believe that a set of parity prices that would be fair and reasonable among all crops should be developed and enacted into law for several uses—and, in fact, an effort in that direction is now under way in the Senate. Senator Thomas introduced an amendment looking toward that end, and hearings were held last week on the bill before the Senate Committee on Agriculture and Forestry.

Mr. DEWEY. Thank you.

Mr. HULL. There is an article in the Nation's Business for June repeating a statement made in an editorial in the Washington News a few days ago, to the effect that the signing of the parity bill would increase food costs from 10 to 20 percent, the implication being that

merely an increase of parity on wheat, rice, and corn would so advance living costs. Now, as a matter of fact, there is no advance, and there will be no advance on dairy products, fruits, vegetables, or anything else which the consumer uses, merely on account of this parity figure, and such statements are utterly misleading. I am wondering if there is any division of the Department of Agriculture which is responsible for such wild statements as that.

Mr. ROBBINS. A statement of that kind is certainly unfortunate and misleading. To the best of my knowledge, it was not put out by any bureau of the Department of Agriculture. I do not know where such a rumor could have originated.

Mr. HULL. Well, the implication in the article which appeared in the Nation's Business is that the poor consumer would have 10 to 20 percent added to his food bill. As a matter of fact, there is a very small part of the food bill embraced in the five products mentioned in the Parity Act.

Mr. ROBBINS. That is correct, sir.

Mr. SMITH. I would like to have Mr. Robbins prepare for us a chronological statement of the development of the Commodity Credit Corporation, showing first the original amount of loans authorized to be made by the Commodity Credit Corporation;

Second, the additional amounts of loans authorized to be made with dates and references to the standards;

Third, original crops upon which loans were made;

Fourth, amounts loaned per bushel, bale, and so forth;

Fifth, crops added later, for making loans, showing the dates when added, references to the statutes creating authority for such additions and the amounts of loans made per bushel, bale, and so forth;

Sixth, I would also like to have a statement showing the parity price of each of those crops at the times the respective loans were made; and

Seventh, I would like to have inserted therewith a statement showing the annual administrative costs of the Commodity Credit Corporation from its inception up to the present time.

Mr. ROBBINS. We shall be pleased to supply such information as is readily available in time for printing in these hearings.

(The statement referred to is as follows:)

Commodity Credit Corporation administrative expenses

Fiscal year—		Fiscal year—	
1934-----	\$115, 645	1938-----	\$521, 097
1935-----	340, 088	1939-----	694, 383
1936-----	560, 718	1940-----	1, 296, 000
1937-----	491, 192	1941 (estimated)-----	2, 259, 000

COMMODITY CREDIT CORPORATION AUTHORIZATION FOR LOANS

The Commodity Credit Corporation was created as an agency of the United States under the laws of the State of Delaware on October 17, 1933, pursuant to Executive Order No. 6340. Funds available under the National Industrial Recovery Act in the amount of \$3,000,000 were allotted for the purpose of subscribing for all of the capital stock.

Prior to the enactment of the Agricultural Adjustment Act of 1938 (Public 430, 75th Cong.) on February 16, 1938, the Commodity Credit Corporation made loans under its charter powers. Section 302 of this Act (Public 430, 75th Cong.) specifically directed the Corporation, under certain conditions, to make loans on the three commodities, wheat, cotton, and corn. Section 302 also contained an authorization for the Corporation, "upon recommendation of the Secretary of

Agriculture and with the approval of the President, to make loans on agricultural commodities (including dairy products)," in amounts, and upon terms and conditions to "be fixed by the Secretary, subject to the approval of the Corporation and the President."

Public Law No. 74, Seventy-seventh Congress, approved May 26, 1941, directs the Corporation to make loans to cooperators in the agricultural adjustment programs upon their 1941 crops of cotton, corn, wheat, rice, and tobacco at 85 percent of parity if marketing quotas are not disapproved.

The functions of the Commodity Credit Corporation as an agency of the United States were given specific recognition by the Congress by the Act of January 31, 1935 (Public, 1, 74th Cong.) which provided that the Corporation "shall continue, until April 1, 1937, or such earlier date as may be fixed by the President by Executive order, to be an agency of the United States."

The life of the Corporation as an agency of the United States was extended by the act of January 26, 1937 (Public, 2, 75th Cong.) until June 30, 1939. A further extension of life, until June 30, 1941, was granted by the act of March 4, 1939 (Public, 3, 76th Cong.).

The loan programs of the Commodity Credit Corporation were financed from capital funds and from advances by the Reconstruction Finance Corporation until July 1, 1936. The maximum amount of such advances outstanding at any one time was \$297,670,872. On July 1, 1936, the Corporation made its first public issue of collateral trust notes.

The capital stock of the Commodity Credit Corporation, originally \$3,000,000, was increased to \$100,000,000 pursuant to the act of April 10, 1936 (Public, 489, 74th Cong.).

By the act of March 8, 1938 (Public, 442, 75th Cong.) the Commodity Credit Corporation was authorized to issue and have outstanding its own obligations in an amount not exceeding \$500,000,000 at any one time. Obligations issued under the authority of this legislation are unconditionally guaranteed as to principal and interest by the United States Treasury.

The act of March 4, 1939 (Public, 3, 76th Cong.), amending the act of March 8, 1938, increased the authorized borrowing power from \$500,000,000 to \$900,000,000, and the act of August 9, 1940 (Public, 759, 76th Cong.) further increased the Corporation's borrowing power from \$900,000,000 to \$1,400,000,000.

The accompanying tabulation shows the date on which each loan or purchase program of the Corporation was authorized and the parity price of the respective commodity at such time. Also presented in this tabulation are the face amounts advanced for loans or purchases, the quantities of the several commodities pledged for loans or purchased, and the average amount advanced or expended per unit.

Summary of loan and purchase program from date of organization to Apr. 30, 1941, of the Commodity Credit Corporation

	Date loan was authorized	Parity price when loan was authorized	Quantities pledged or purchased ¹	Face amount of loan or purchase ¹	Average advance
					<i>Cents per pound</i>
Cotton:		<i>Cents</i>	<i>Bales</i>		
1933 loans.....	Oct. 21, 1933	15.50	1,926,000	\$99,498,000	10
1934 loans.....	Aug. 21, 1934	16.12	4,632,000	282,644,000	12
1933-34 pool loans ²				51,416,000	
1935 loans.....	Aug. 22, 1935	16.12	115,000	5,777,000	9.9
1937 loans.....	Aug. 30, 1937	16.86	5,581,000	243,275,000	8.4
1938 loans.....	Aug. 27, 1938	15.75	4,482,000	205,329,000	8.9
1939 loans.....	Nov. 7, 1939	15.87	30,000	1,324,000	8.7
1940 loans.....	Aug. 9, 1940	15.75	3,158,000	152,081,000	9.3
Total.....			19,924,000	1,041,344,000	

See footnotes at end of table.

Summary of loan and purchase program from date of organization to Apr. 30, 1941, of the Commodity Credit Corporation—Continued

	Date loan was authorized	Parity price when loan was authorized	Quantities pledged or purchased	Face amount of loan or purchase	Average advance
Corn:		<i>Cents</i>	<i>Bushels</i>		<i>Cents per bushel</i>
1933 loans	Oct. 21, 1933	80.2	267,758,000	\$120,207,000	41.9
1934 loans	Oct. 1, 1934	84.1	20,675,000	11,042,000	55
1935 loans	Oct. 30, 1935	82.2	30,966,000	13,934,000	45
1936 loans	Oct. 30, 1936	84.1	158,600	87,000	55.1
1937 loans	Nov. 3, 1937	84.1	47,117,000	22,871,000	48.5
1938 loans	Nov. 10, 1938	81.5	229,839,000	130,877,000	56.9
1939 loans	Nov. 22, 1939	82.2	301,842,000	171,821,000	56.9
1940 loans	Nov. 20, 1940	81.5	98,322,000	59,908,000	60.9
Total			996,077,000	530,747,000	
Wheat:					
1938 loans	July 14, 1938	113.2	85,745,000	49,215,000	² 57.4
1939 loans	May 21, 1939	111.1	167,694,000	117,358,000	³ 70
1940 loans	May 20, 1940	113.2	278,353,000	200,849,000	² 72.2
Total			531,792,000	367,422,000	
Tobacco:		<i>Cents per pound ¹</i>	<i>Pounds</i>		<i>Cents per pound ²</i>
1931-35 dark tobacco loans		(³)	⁶ 69,755,000	8,635,000	
1937 dark tobacco loans	Feb. 19, 1938	12.2	⁶ 5,627,000	934,000	⁶ 16.6
1939 Wisconsin loans	May 3, 1939	9.2-12.0	⁴ 708,000	35,000	⁴ 4.9
1939 flue cured purchases	Oct. 9, 1939	18.2	⁴ 173,777,000	33,984,000	⁴ 19.6
1939 dark tobacco purchases	Dec. 1, 1939	9.8	⁴ 3,381,000	453,000	⁴ 13.4
1939 dark tobacco loan	do	9.8	⁴ 4,833,000	471,000	⁴ 9.7
1940 flue cured purchases	Aug. 7, 1940	18.2	⁶ 149,095,000	32,170,000	⁷ 19.0
1940 flue cured loans	do	18.2	⁶ 32,236,000	5,542,000	⁷ 15.3
1940 dark tobacco purchases	Dec. 1, 1940	9.9	⁶ 546,000	92,000	⁷ 13.5
1940 dark tobacco loan	do	9.9	⁶ 30,357,000	2,654,000	⁷ 8.6
1940 burley loan	Jan. 8, 1941	21.8	⁶ 23,378,000	3,785,000	⁷ 4.4
Total			493,693,000	88,755,000	
Austrian peas and hairy vetch: 1940 purchase program	Sept. 12, 1939	<i>Cents</i> (³)	45,398,000	1,666,000	3.7
Barley: 1940 loans	May 21, 1940	79.2	<i>Bushels</i> 7,884,000	2,355,000	<i>Cents per bushel</i> 31.9
Butter:		<i>Cents</i>	<i>Pounds</i>		<i>Cents per pound</i>
1938 loan	June 10, 1938	(³)	114,264,000	29,095,000	25.5
1939 loan	June 15, 1939	(³)	12,836,000	3,042,000	23.7
1940 loan	June 20, 1940	(³)	66,000	19,000	28.8
Total			127,166,000	32,156,000	
Dates: 1937 loan	Oct. 13, 1937	(³)	1,533,000	61,000	4
Figs:			<i>Tons</i>		<i>Dollars per ton</i>
1937 loan	Sept. 17, 1937	(³)	4,200	84,000	20
1938 loan	Aug. 5, 1938	(³)	7,400	125,000	17
1939 loan	Oct. 13, 1939	(³)	3,000	51,000	17
Total			14,600	260,000	
Grain sorghums: 1940 loans	Oct. 2, 1940	86.1	<i>Bushels</i> 64,000	19,600	<i>Cents per bushel</i> 29.7
Hops: 1938 loans	Oct. 17, 1938	29.5	<i>Pounds</i> 7,077,000	1,388,000	<i>Cents per pound</i> 19.6
Peanuts:			<i>Tons</i>		
1937 loans	Oct. 19, 1937	6.3	86,300	5,267,000	3.0
1938 loans	Oct. 6, 1938	6.1	121,400	7,035,000	2.9
1939 loans	Oct. 7, 1939	6.1	13,100	817,000	3.1
1940 loans	Oct. 17, 1940	6.1	29,700	1,862,000	3.1
Total			250,500	14,981,000	

See footnotes at end of table.

Summary of loan and purchase program from date of organization to Apr. 30, 1941, of the Commodity Credit Corporation—Continued

	Date loan was authorized	Parity price when loan was authorized	Quantities pledged or purchased ¹	Face amount of loan or purchase ¹	Average advance
Pecans: 1938 loans.....	Nov. 3, 1938	Cents (⁵)	Pounds 3,705,000	371,000	Cents per pound 10
Prunes:			Tons		Dollars per ton
1937 loans.....	Sept. 16, 1937	(⁵)	56,100	\$2,357,000	\$ 42
1938 loans.....	Aug. 25, 1938	(⁵)	22,800	397,000	\$ 17
1940 loans.....	Sept. 7, 1940	(⁵)	88,500	5,298,000	60
Total.....			167,400	8,052,000	
Raisins:					
1937 loans.....	Feb. 21, 1938	(⁵)	22,600	1,245,000	55
1938 loans.....	July 9, 1938	(⁵)	53,800	2,688,000	50
1940 loans.....	Sept. 30, 1940	(⁵)	109,000	5,123,000	47
Total.....			185,400	9,056,000	
Rye:			Bushels		Cents per bushel
1939 loans.....	July 26, 1939	90.7	1,500,000	567,000	37.8
1940 loans.....	May 22, 1940	92.2	4,236,000	1,594,000	37.6
Total.....			5,736,000	2,161,000	
Wool and mohair:			Pounds		Cents per pound
1938 loans.....	Mar. 12, 1938	23.8	83,088,000	14,916,000	18
1939 loans.....	Mar. 25, 1939	23.1	10,890,000	1,914,000	17.6
Total.....			93,978,000	16,830,000	
Naval stores:			Dollars per unit		Dollars per unit
1934-35:					
Turpentine.....	July 27, 1934	72.95	{ ⁹ 8,049,000 ¹⁰ 370,000	{ 3,735,000 2,955,000	50
Rosin.....					
1938:					
Turpentine.....	Mar. 17, 1938	74.67	{ ⁹ 9,742,000 ¹⁰ 937,000	{ 1,910,000 9,861,000	46.34
Rosin.....					
1939:					
Turpentine.....	Apr. 6, 1939	72.37	{ ⁹ 6,154,000 ¹⁰ 667,000	{ 1,213,000 7,603,000	45.67
Rosin.....					
1940:					
Turpentine.....	Dec. 22, 1939	75.15	{ ⁹ 2,998,000 ¹⁰ 553,000	{ 628,000 6,049,000	47.24
Rosin.....					
Total, turpentine.....			⁹ 26,943,000	7,486,000	
Total, rosin.....			¹⁰ 2,527,000	26,468,000	
Other commodities: Not classified.....				1,385,000	
Grand total.....				2,152,963,000	

¹ Includes face amount of loans made directly by Commodity Credit Corporation and guaranteed loans made by banks and other lending agencies and face amounts advanced to purchase commodities for the account of the Corporation. Renewals and extension of loans previously made are excluded. Storage advances are excluded.

² Loans to the Cotton Producers' Pool were second lien advances on cotton in the pool. The 1933 advance was \$20 per 500-pound bale and the 1934 advance was an additional \$10 on cotton remaining in the pool. The number of bales involved is excluded from the quantities placed under loan.

³ The average loan rate on wheat at the arm (the value to producers) was 53 cents per bushel in 1938, 63 cents per bushel in 1939, and 65 cents per bushel in 1940.

⁴ Green weight.

⁵ Parity price not available.

⁶ Dry weight.

⁷ Adjusted to a green-weight basis.

⁸ These averages do not represent the amounts advanced on standard quality prunes. Large quantities of substandard prunes were placed under loan at low rates in 1937 and 1938.

⁹ Turpentine, gallons.

¹⁰ Rosin, barrels.

Mr. FORD. Mr. Smith, are you going back to the old Farm Loan Board?

Mr. SMITH. I have no objection to your bringing up that: none whatever.

Mr. FORD. That would be very interesting.

The CHAIRMAN. Thank you, Dr. Robbins.

We will meet tomorrow morning at 10:30.

(Thereupon, at 11:55 a. m., the committee adjourned until tomorrow, Tuesday, June 3, 1941, at 10:30 a. m.)



CONTINUANCE OF COMMODITY CREDIT CORPORATION

TUESDAY, JUNE 3, 1941

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

The committee met, pursuant to notice, at 10:30 a. m., for further consideration of H. R. 4694, Hon. Henry B. Steagall (chairman) presiding.

Members present: Messrs. Steagall, Williams, Spence, Ford, Brown, Patman, Sacks, Gore, Mills, Monroney, Lynch, Boggs, Hull, Wolcott, Crawford, Gamble, Kean, Miss Sumner, Messrs. Smith, Kunkel, Rolph, and Dewey.

The CHAIRMAN. The committee will come to order.

I have been in conference with officials of the Commodity Credit Corporation and the Farm Bureau people and they have agreed upon an amendment.

Mr. SACKS. Do you have a copy of that agreement?

Mr. WILLIAMS. If it is an amendment, perhaps we ought to hold further hearings.

The CHAIRMAN. If you want to, it is all right with me. The Farm Bureau Federation and the Commodity Credit Corporation have agreed upon the following amendment, and Mr. Gore is satisfied with it as a substitute for his amendment. [Reading:]

Whenever during the existing emergency the Secretary of Agriculture encourages the expansion of production of any commodity, the Secretary shall so use the funds made available under this act or otherwise made available to him, through a commodity loan, purchase, or other operation, taking into account the funds available for such purpose for all commodities, as to support a price for the producers of any such commodity of not less than 85 percent of the parity price therefor, or, in the case of any commodity the production or consumption of which has so changed in extent or character since the base period as to result in a price out of line with parity prices for other commodities, a price comparable to not less than 85 percent of the parity price for other commodities. Any such commodity loan or purchase operation which is undertaken shall be continued until the Secretary has given sufficient notice to the producers of such commodity to permit them to make a readjustment in the production of such commodity. It is the policy of the Congress that other purchase, loan, or other operations of the Department, taking into account the funds available for such purposes for all commodities, and the ability of producers to bring supplies into line with demand, shall be carried out so as to bring the price and income of the producers of such commodities to a fair parity relationship with other commodities.

Mr. WOLCOTT. It seems to me that the whole thing is "when the Secretary of Agriculture encourages the expansion of production." That is the key to the whole situation.

Mr. WILLIAMS. That is what struck me when you read it.

Mr. PATMAN. Read that again, Mr. Chairman, if you do not mind, and a little bit louder, if you do not mind.

The CHAIRMAN (reading):

Whenever during the existing emergency the Secretary of Agriculture encourages the expansion of production of any commodity, the Secretary shall so use the funds made available under this act or otherwise made available to him, through a commodity loan, purchase, or other operation, taking into account the funds available for such purpose for all commodities, as to support a price for the producers of any such commodity of not less than 85 percent of the parity price therefor, or, in the case of any commodity the production or consumption of which has so changed in extent or character since the base period as to result in a price out of line with parity prices for other commodities, a price comparable to not less than 85 percent of the parity price for other commodities. Any such commodity loan or purchase operation which is undertaken shall be continued until the Secretary has given sufficient notice to the producers of such commodity to permit them to make a readjustment in the production of such commodity. It is the policy of the Congress that other purchase, loan, or other operations of the Department, taking into account the funds available for such purposes for all commodities, and the ability of producers to bring supplies into line with demand, shall be carried out so as to bring the price and income of the producers of such commodities to a fair parity relationship with other commodities.

Mr. FORD. Just a minute, Mr. Chairman, is the parity principle or the parity theory to bring agricultural products into line with other agricultural products or into line with manufactured products? What is the theory of parity?

The CHAIRMAN. To bring them into line with other products, but, of course——

Mr. FORD (interposing). That amendment, in my judgment, creates a new formula. It is a formula that establishes a second-degree parity. I doubt if I could vote for that.

Miss SUMNER. Would you mind reading that first sentence again?

The CHAIRMAN (reading):

Whenever during the existing emergency the Secretary of Agriculture encourages the expansion of production of any commodity, the Secretary shall so use the funds made available under this act or otherwise made available to him, through a commodity loan, purchase, or other operation, taking into account the funds available for such purpose for all commodities, as to support a price for the producers of any such commodity of not less than 85 percent of the parity price therefor, or, in the case of any commodity the production or consumption of which has so changed in extent or character since the base period as to result in a price out of line with parity prices for other commodities, a price comparable to not less than 85 percent of the parity price for other commodities.

Mr. PATMAN. Like eggs and butter?

Miss SUMNER. I see what that means.

Mr. SACKS. What does he have to do to encourage it; how are you to encourage it?

Miss SUMNER. Would it not be better to say, "adopt a policy of encouraging"? Would that mean if England needed milk they would encourage the production of milk?

Mr. SACKS. Mr. Chairman, do you not think that this is such a vital question to the farmers that it should be sent to the Committee on Agriculture? This House has a Committee on Agriculture that has studied this thing for a number of years, and, of course, I think that the proper place for that would be in the Committee on Agriculture, where they know more about it than we farmers do in this committee.

Mr. MILLS. I am surprised at Mr. Sacks making that admission. There are very few people in Congress who have a more perfect record than he has in aiding the farmers.

Mr. SACKS. The truth is I have always followed the Committee on Agriculture, and I am glad to follow them. That is why I have that record.

Mr. WILLIAMS. Mr. Chairman, if we are not going to have more hearings, I move we go into executive session.

Mr. SACKS. That does not mean we are going to close the hearings today.

The CHAIRMAN. It is for the committee to decide what they think best.

Mr. SACKS. I would like to get a little more testimony on this.

Mr. HULL. Should not that amendment be reduced to writing, Mr. Chairman, so that every member of the committee may have a copy of it before him?

Mr. PATMAN. I am willing to go into executive session, and then if we decide to have more hearings, we will have them.

Mr. WILLIAMS. Now is the time to decide whether we will have more hearings.

Mr. WOLCOTT. I cannot imagine the Farm Bureau Federation agreeing to an amendment like that.

Mr. SACKS. How much money will this thing cost us, Mr. Chairman? I would like to get the Secretary in to see what the situation is.

Miss SUMNER. It sounds to me like a thing that would not cost anything, or make any difference.

Mr. SACKS. I would like to give them more money if they are going to pass this program.

The CHAIRMAN. The committee will be in executive session.

(Thereupon, the committee went into executive session, after which the following occurred:)

FURTHER STATEMENT OF CARL B. ROBBINS, PRESIDENT, COMMODITY CREDIT CORPORATION

The CHAIRMAN. Dr. Robbins, some members of the committee feel that this proposed substitute for the Gore amendment is lacking in clarity and would like to have you explain in your own way your interpretation of it.

Mr. FORD. Just a comment before he starts. Does not that amendment mean that when you purchase products you have got to purchase it at 85 percent of parity, and that you cannot sell it otherwise than at 85 percent of parity?

Mr. ROBBINS. I do not believe so, Mr. Ford. I should say, offhand, that the intent of the first part of this amendment is that in those instances in which the Secretary of Agriculture requests farmers to expand production of any commodity he shall undertake, within the limits of the funds available, to carry out either a loan or a purchase or other program—that could mean by either a marketing agreement or diversion payment program.

Mr. FORD. What was that last statement; in what other way except by loan or purchase?

Mr. ROBBINS (continuing). A diversion payment or a marketing agreement program as authorized in the Triple A Act—to assure producers 85 percent of parity in the cases of those crops in which parity

for them is fair and reasonable as compared with parity for the basic crops, and in those cases in which parity as now defined in the law would not be comparable to parity for the basic crops, then 85 percent of what the Secretary determines would be a fair parity price for such crops as compared with the parity as now defined in the law for the five basic crops.

Mr. BROWN. When you go out and encourage farmers to produce larger crops, that is, crops that you think there will be a shortage of, it is on those crops that you are going to pay 85 percent of parity under this minimum; isn't that right?

Mr. ROBBINS. That is correct, sir.

Mr. BROWN. Do you not think we ought to do that if we go out and encourage the farmers to increase their crops?

Mr. ROBBINS. Yes, sir; and as a matter of fact, that is the policy that is being pursued by the Department today.

Mr. FORD. Is this comparable with the United States saying we are going to need an increase, say, of 10,000,000 tons of steel? Therefore, we go to a plant and say, "you expand your plant until you can produce that 10,000,000 additional tons of steel." Now, whether we are going to use that steel or not, we are going to pay you the price you are going to get normally for it in the market; is that right?

Mr. ROBBINS. Yes; I believe that what you have in mind is correct, Mr. Ford; that is, this represents an effort to give farmers some assurance that when they are asked to increase their production to meet the current emergency needs, they, like the industrialists, will receive something approximating a minimum fair return for their products.

Mr. WILLIAMS. Now, this word "encourages" as used in this amendment, what does that mean? In what way is that done?

Mr. ROBBINS. Perhaps the statement is partly like reasoning in a circle, because if a purchase price is guaranteed, or a loan is announced, in advance of production, that in itself serves as encouragement to increase production. It can also be encouraged by changing the production allotments for individual crops as well as for groups of crops.

Another method of encouragement is to publish an estimate of an increased demand that farmers may expect. I have undertaken to enumerate at least four ways in which such encouragement could take effect.

Mr. WILLIAMS. Would an announcement on his part that if you raise hogs we will guarantee you 9 cents a pound for them—an announcement to the farmers of the country, or a declaration—would that declaration constitute encouragement?

Mr. ROBBINS. That announcement in itself would probably be encouragement to increase the production of hogs; yes, sir.

Mr. WILLIAMS. Is that one of the policies that is intended to be followed, when the Secretary simply announces to the country in a declaration or statement that if they will produce a certain product, the Government will guarantee a certain price on it?

Mr. ROBBINS. Presumably, if a need for additional products should arise, the same procedure might be followed; yes, sir.

Miss SUMNER. It seems to me that this amendment is illusory because it is not specific in regard to the word "encourages."

Mr. ROBBINS. The word "encourages" is a general term, and I have indicated four different forms that encouragement might take. If you want to make it more definitely inclusive, you could perhaps state, "adopt any policy that encourages."

Miss SUMNER. I suggested those specific words, and they thought that was even worse.

Mr. ROBBINS. That is more generalized, but it would indicate that this guaranty would have to be given whenever any encouragement to increase production is given.

Miss SUMNER. "Whenever the Secretary shall declare his intentions of encouraging."

Mr. FORD. Why not say, "Whenever the Secretary indicates that there will be or that there is more of a certain product necessary to fill the demand," then that declaration adds an assurance that if this crop is produced, but if by some gratuitous circumstance it cannot be absorbed, that the Secretary will take it off the producers' hands at 85 percent of parity.

Mr. ROBBINS. That seems to be the general purpose of the amendment.

Mr. FORD. At 85 percent of parity.

Mr. ROBBINS. But I do not see why there would be particular objection to the word "encourages," except that someone might fear something would be done to encourage which would not be interpreted as encouragement, but I doubt that there is very much possibility of such an occurrence.

Mr. WILLIAMS. Is that all there is in this bill, applied to an emergency situation, and as applied to products the production of which is increased by the Department of Agriculture? Is that all there is in it, or is it a general policy that applies with reference to all purchases and sales made by the Commodity Credit Corporation?

Mr. ROBBINS. That is all in the first part of this proposed amendment. In the last part there is a broad declaration of policy by the Congress.

Mr. WOLCOTT. There are two parts of this: In the eighth line down it says—

or, in the case of any commodity the production or consumption of which has so changed in extent or character since the base period as to result in a price out of line with parity prices for other commodities, a price comparable to not less than 85 percent of the parity price for other commodities.

Mr. ROBBINS. The significance of that phrase is to avoid the inequitable situation that would arise in undertaking to guarantee 85 percent of parity as a minimum, regardless of whether parity might be fair for some particular crop as compared with parity for the basic crops.

Mr. SPENCE. The base period now is a matter of legislation?

Mr. ROBBINS. That is correct, sir. That is fixed and determined, and we cannot change that. It is entirely a legislative matter.

Mr. SPENCE. Now, does this enlarge your powers to fix another base period? In practical effect it does—

or, in the case of any commodity the production or consumption of which has so changed in extent or character since the base period as to result in a price out of line with parity prices for other commodities, a price comparable to not less than 85 percent of the parity price for other commodities.

191
3
Mr. ROBBINS. That clause should distinguish between basic and nonbasic commodities.

Mr. SPENCE. You have an opportunity to fix, in effect, another base period, do you not?

Mr. ROBBINS. I doubt if that is intended, sir. I think that the word "other" should be deleted and the word "basic" substituted. It would then be merely permission for the Secretary to find what would be a reasonable parity for any nonbasic crop.

Mr. SPENCE. For grapefruit, for instance, you have no power to change that, have you?

Mr. ROBBINS. That is correct now, but under this provision the Secretary of Agriculture could find what would be a fair parity for grapefruit as compared with parity for the basic crops, and then he would be obliged to guarantee a minimum of 85 percent of that determined fair parity, in case he encouraged increased production of grapefruit.

Mr. SPENCE. He could have the same power in any other commodity that got out of line—cotton, wheat, or corn?

Mr. ROBBINS. But this probably was not intended to authorize the Secretary to fix new parities for the basic crops. It should authorize him to determine parities for nonbasic crops which would be comparable with the parities now defined in the law for basic crops.

Mr. SPENCE. It does not say that, but it says, "in the case of any commodity." Unless there should be a limitation, I should think that would include both the basic and nonbasic commodities.

Mr. ROBBINS. You could say instead of "any," "nonbasic," and instead of "other," "basic," and that would clarify the point you raise.

Mr. KUNKEL. Do you not think it would be fair to the farmers and everyone to have certain specific requirements? That is, instead of using a broad, general word, to use some more specific expression in place of the word "encourages"? For instance, it might be subject to legal interpretation as to just what is "encouragement." I can see a great many difficulties arising and possible hardships, particularly to the farmers.

Mr. ROBBINS. I do not hear your question well, Mr. Kunkel. Would you like to say "takes any action which would have the effect of encouraging"?

Mr. KUNKEL. No; I would like to have specific things, say, a statement by the Secretary of Agriculture, some specific, definite thing substituted for "encourages" in the bill.

Mr. ROBBINS. If that is your desire, it could be met by making it mandatory for the Secretary, whenever he recognizes a need that the production of any commodity be increased, to make a formal declaration of his finding of the need, and in the event of such a declaration being made, then these minimum price requirements would become effective. Is that what you have in mind?

Mr. KUNKEL. That is what I have in mind, only I have in mind limiting it to a particular definite statement by the Secretary of Agriculture. I am suggesting that because that gives the idea of being specific, and you could allow other actions as specified to have a similar effect.

Miss SUMNER. This puts you in the position of guaranteeing 85 percent on any commodity that is not otherwise guaranteed.

Mr. ROBBINS. I did not understand you.

Miss SUMNER. This puts you in the position of guaranteeing 85 percent of parity on the commodities that you would not otherwise be operating under.

Mr. ROBBINS. I doubt that that would be true, because it has been the policy of the Department, whenever requesting producers to expand production of a commodity, to undertake to assure a fair minimum price in some manner for the producers.

Mr. WOLCOTT. Mr. Robbins, you encouraged in a press release awhile ago an increase in the production of beans. Beans are not a basic commodity. The language, as I read it, says, "Whenever during the existing emergency the Secretary of Agriculture encourages the expansion of production of any commodity," then you apply this 85 percent of parity to that commodity. Now, would you not apply 85 percent of parity to beans if you had given encouragement to the production of beans?

Mr. ROBBINS. That would be correct, sir. Under this language it would be done. However, if the parity for beans were found to be unreasonable as compared with the parity for the basic crops, then 85 percent would be applied, not to the present parity for beans, but to what the Secretary of Agriculture had determined to be a fair parity for beans as compared to existing parities for the basic crops.

Mr. WOLCOTT. Do you determine the fair parity for all farm products? I thought he determined the fair parity for all the basic crops.

Mr. ROBBINS. No, sir; not all crops.

Mr. WOLCOTT. I mean during this period.

Mr. ROBBINS. No, sir. Our determinations have not been confined to the basic crops. Parity figures are found and published for nearly all crops of any major economic significance.

Mr. WOLCOTT. This is getting more and more complicated.

Mr. SACKS. Could not the Secretary, under this amendment, practically control or say to any farmer that you produce more and I will guarantee this amount to you for your products? Is not that true, if he wants to do it? Under this he could do it.

Mr. ROBBINS. Under this amendment he is obliged to do it.

Mr. SACKS. In other words, if he says, you produce more of a certain commodity, under this amendment he is obliged to give them 85 percent of parity.

Mr. ROBBINS. Yes; except in those cases where 85 percent of parity is not reasonable, and then in those cases 85 percent of whatever would be reasonable parity for those products as compared with existing parities for the basic products.

Mr. KUNKEL. One result is the Secretary of Agriculture under this Act is given the right to control the price of farm products, that is the purport of the bill.

Does it limit your power to dispose of perishable commodities which you have acquired, assuming that to do so would push the price of those commodities below 85 percent of parity?

Mr. ROBBINS. Fortunately this amendment would not cause that difficulty. That is a serious difficulty which would arise if the Government were prohibited from disposing freely of surplus stocks of perishable commodities, and practically all loan stocks except cotton are perishable to a substantial degree.

MISS SUMNER. As a matter of fact, the Farm Bureau has apparently dropped its protest that they had in here, that they did not want any power to be given to the Commodity Credit Corporation to depress farm prices. That was their whole case here, and they have dropped that in this amendment.

MR. KUNKEL. There is nothing there that will go to remedy their complaint?

MR. ROBBINS. In response to your question, my understanding was that the spokesman for the American Farm Bureau Federation indicated a strong desire that in the event production increases were to be asked, they desired that the farmers be assured of some fair minimum price for the increased supply. There was also some discussion about whether it would be sound policy to put a lock on the door, so to speak, and prevent any sale of surpluses that might be acquired by the Commodity Credit Corporation at less than parity prices, but the difficulties inherent in such a procedure presumably became so overwhelmingly clear that, apparently, it has been dropped, for the time being at least.

MR. SACKS. Dr. Robbins, in this amendment is it mandatory on the Secretary of Agriculture if he does anything to encourage production of a commodity to purchase it at 85 percent, but not to sell it at less than 85 percent?

MR. ROBBINS. No, sir; this has reference to purchases and loans but not to sales.

MR. SACKS. In other words, under this amendment he can sell under parity?

MR. ROBBINS. That is correct, sir.

MR. SACKS. That is one thing that Mr. Gore was against. He wanted to protect commodities from being dumped at less than 85 percent of parity.

MISS SUMNER. That is the only thing that worried you, so why argue still against this?

MR. WILLIAMS. Referring to this last sentence and the general policy outside of the emergency, does that declare a general policy with reference to the Commodity Credit Corporation? As applied it says, "for all commodities." What does that last sentence mean, in other words?

MR. ROBBINS. The last sentence states that it is the policy of Congress through the various programs, whether purchase, loan, or other programs, and after taking into account the amount of funds available and the ability to control supplies, that an effort shall be directed toward bringing the price and income of producers to a fair price relationship. Now, that applies presumably to all farm commodities. I believe it means exactly what it says. In a word, that everything possible shall be done to bring about a fair income from all crops within the limitation of funds available, and after taking into account the problems of production adjustment.

MR. WILLIAMS. Well, does "relationship with other commodities" mean industrial commodities?

MR. ROBBINS. It is a broad statement. Undoubtedly it applies at least to a fair price for special crops as compared with the price for basic crops.

MR. FORD. You are setting up two parity formulas here. As I understand the principle of parity, in the first place it was for the

purpose of bringing basic agricultural crops to a point where they were at parity with the things that the farmer purchases?

Mr. ROBBINS. That is correct, sir.

Mr. FORD. Is that correct?

Mr. ROBBINS. Yes, sir.

Mr. FORD. Now, then, you extend the definition of parity in this act, plus changes, to bring these nonbasic crops to a fair parity with basic crops?

Mr. ROBBINS. That is correct, sir.

Mr. FORD. Under the law at the present time you have the power to restrict acreage and to pay for the amount that you restrict, have you not?

Mr. ROBBINS. That is correct, sir.

Mr. FORD. That carries with it a guaranty that you will make an 85-percent loan on the product of the acreage of the five basic crops produced, does it not?

Mr. ROBBINS. No, sir; the 85-percent minimum is now guaranteed by law only for the basic crops.

Mr. FORD. In what?

Mr. ROBBINS. Only in the case of the basic crops.

Mr. FORD. I say the five basic crops; you have restricted them, but you have paid compensation for the restriction, and then in addition to that you make a loan of 85 percent of the parity price on them?

Mr. ROBBINS. That is correct; yes, sir.

Mr. FORD. Now, then, I think you have the power under that law to do what this thing declares right now. When you encourage a man to increase production, say he has 100 acres in some crop, we will say, and you tell him to put in 150 acres, or if you ask him to cut his 100 acres down to 75 acres, you would pay him for the difference, would you not?

Mr. ROBBINS. Yes, sir; a payment would be made.

Mr. FORD. If you have him raise 150 acres instead of 75 acres, does that carry with it the power to guarantee payment for that additional 75 acres, the payment of a fair basic price?

Mr. ROBBINS. Yes, sir; the power to make such an arrangement exists today. The effect of this amendment would merely make the exercise of that power mandatory. 831 aut

Mr. SMITH. I think we ought to get at least one point clear: Does this amendment force the Commodity Credit Corporation to guarantee 85 percent of parity of crops which the Commodity Credit Corporation encourages the farmer to grow, while under the present status the Commodity Credit Corporation can encourage farmers to grow certain produce, but it does not force the Commodity Credit Corporation to guarantee 85 percent of parity?

Mr. ROBBINS. That is correct, sir, with the qualification that in the case of those crops for which parity as now defined in the law is not comparable to the parity for the basic crops. Briefly, the minimum for a nonbasic crop shall not be 85 percent of parity, but 85 percent of what the Secretary of Agriculture determines would be comparable to the existing parities for the basic crops.

Mr. SMITH. Then would this amendment force the Secretary of Agriculture to do that?

Mr. ROBBINS. That is correct, sir; it would make that mandatory.

Mr. PATMAN. I move we vote on the amendment to the bill, Mr. Chairman.

Mr. DEWEY. What would be the effect, Dr. Robbins, of adding after the third line, "Whenever during the existing emergency the Secretary of Agriculture encourages the expansion of production of any commodity 'in harmony with the policy of the Price Control Board' "? I am sure that is in question. You bring out a commodity and tell them to go ahead, and Mr. Henderson freezes the price, and I still maintain there ought to be cooperation between the Price Control Board and the Secretary of Agriculture.

The CHAIRMAN. Read that language again, please.

Mr. DEWEY. "In harmony with the policy of the Price Control Board," so that one would not be trying to freeze the price below parity and the other one trying to raise prices below parity and the other one trying to raise them to parity.

Mr. WOLCOTT. That would leave the farmer out on a limb, would it not?

Mr. PATMAN. Since we do not have time to go into that, will you not let us vote on it today?

Mr. KUNKEL. Mr. Chairman, I would like to hear Mr. Perkins on this proposal.

Mr. WOLCOTT. Mr. Robbins has suggested a couple of amendments to the amendment.

Mr. PATMAN. Let us vote on it, Mr. Chairman.

Mr. KUNKEL. I won't insist, but I would like to hear Mr. Perkins on this, Mr. Chairman.

Mr. WOLCOTT. May I ask Mr. Robbins what amendments he has suggested; he suggested, I think, down there in that second division, where it says "parity prices for other commodities," that "other" be changed to "basic"; is that right?

Mr. ROBBINS. Yes, sir; for the purpose of clarification, you might substitute for the present term "in the case of any commodity the production or consumption of which" the following, "in the case of any nonbasic commodity," and then further down you might substitute for the present term "out of line with parity prices for other commodities" the following term, "out of line with parity prices for basic commodities."

Mr. WOLCOTT. That amendment would convey to him the right to determine a new base for any basic commodity?

Mr. ROBBINS. No, sir; my understanding, Mr. Wolcott, is that it would authorize the Secretary to define a parity, different from that now defined in our law, only for the nonbasic crops.

Mr. WOLCOTT. Is there any member of this committee who can report this bill out and explain that on the floor?

Mr. SACKS. There are a lot of things in there that Dr. Robbins has suggested as amendments that Mr. Wolcott here cannot understand and that maybe some of the rest of us cannot understand. I suggest that he come back tomorrow morning.

The CHAIRMAN. We will adjourn until 10:30 tomorrow morning.

(Thereupon, at 12:15 p. m., the committee adjourned until tomorrow, Wednesday, June 4, 1941, at 10:30 a. m.)

CONTINUANCE OF COMMODITY CREDIT CORPORATION

WEDNESDAY, JUNE 4, 1941

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

The committee met at 10:30 a. m., pursuant to notice, for further consideration of H. R. 4694, Hon. Henry B. Steagall (chairman) presiding.

Members present: Messrs. Steagall, Williams, Spence, Ford, Brown, Patman, Gore, Mills, Monroney, Lynch, Kopplemann, Boggs, Hull, Wolcott, Crawford, Gamble, Kean, Smith, Kunkel, Rolph, and Dewey.

The CHAIRMAN. Mr. Robbins.

Mr. ROBBINS. Yes, sir.

FURTHER STATEMENT OF CARL B. ROBBINS, PRESIDENT, COMMODITY CREDIT CORPORATION

The CHAIRMAN. Beginning with the word "or," about the tenth line or the eighth line, Doctor, we would like to have you explain the meaning of this language, beginning with the word "or" right here [indicating] down to here [indicating], the second clause of the first paragraph down to the period. Mr. Williams raises a question as to the meaning of that. Do you see what I mean?

Mr. ROBBINS. That clause as written here is somewhat ambiguous, Mr. Chairman.

The CHAIRMAN. Yes.

Mr. ROBBINS. The intent presumably was that in the case of an increased production, requested by the Secretary of Agriculture, of any nonbasic crop, if the parity of that crop were not comparable—

The CHAIRMAN. There is no question about the fact that you are talking about nonbasic crops here?

Mr. ROBBINS. In order to clarify that clause, the word "nonbasic" should be inserted between the words "any" and "commodity."

And toward the end of the clause the word "basic" should be substituted for the word "other", appearing in the term "for other commodities."

If those changes were made it would make the clause clearly indicate that the Secretary of Agriculture, in the event that he found that the parity for some special crop was not comparable to parity for the basic crops, must determine what would be a fair parity for such special crop as compared to the parity now in the law for the basic crops; and it would also remove any possibility of interpreting that clause to

the effect that the Secretary of Agriculture would be granted authority to change the present parity basis for any basic crop.

Mr. WILLIAMS. Do you mean that now the intention in there is to give the Secretary of Agriculture the right to change the parity price of any basic commodity?

Mr. ROBBINS. No, sir; not to change parity for basic crops, but to find prices for nonbasic crops which would be comparable to the parity prices as now defined in the law for the basic crops, and then he would be compelled to undertake to maintain an average market price to farmers at 85 percent of that determined price.

Mr. WILLIAMS. For those nonbasic commodities?

Mr. ROBBINS. That is correct, sir.

Mr. FORD. Then would his being giving authority to do that prevent the Comptroller General from stepping in and saying that this is not according to parity? Would that operate to do that? You have to watch that.

Mr. ROBBINS. The general wording is such that it would not be necessary, Mr. Ford, you are correct, to audit individual transactions. The Secretary of Agriculture, as we understand it, would have complied with this mandate of the Congress if, as a consequence of the purchase, commodity loan, or other programs he might initiate, the average annual price to the producers had not been less than 85 percent of parity, or in the event of a crop for which parity was not found to be comparable with the basic crops, 85 percent of a price determined to be comparable to parity for the basic crops.

Mr. SPENCE. Should those words, "since the base period," remain in this sentence? Is there a base period for nonbasic crops, and does the Department of Agriculture fix the base period in any manner for nonbasic crops?

Mr. ROBBINS. At the present time there is only one base specified, and it is used in computing the parity for all crops, except that the Congress changed the base period for the purpose of computing parity on tobacco.

Mr. SPENCE. Should that language remain in there, "since the base period"?

Mr. ROBBINS. I think it should. If, however, you wanted to be more definite, you could say, "since the base period of August 1, 1909, to July 31, 1914."

It would also be advisable, in view of a question raised by Mr. Ford, to clarify the language still further by inserting in the term "so as to support a price," the words "an annual average," making it read, "so as to support an annual average price." Then any possible doubt as to whether you intended to consider individual transactions, rather than the average of the whole, would be removed. I think that is a very desirable suggestion, Mr. Ford.

Mr. WILLIAMS. That would permit the Secretary of Agriculture to establish a parity on these nonbasic crops with reference to the basic commodities?

Mr. ROBBINS. That is correct, sir; parity for nonbasic crops that would be comparable with the parity for the basic crops.

Mr. WILLIAMS. That would not take into consideration at all the industrial products?

Mr. ROBBINS. I do not understand your question, Mr. Williams.

Mr. WILLIAMS. Well, you would use basic commodities and compare them with these nonbasic commodities or crops and establish a parity between them, is that it?

Mr. ROBBINS. That is correct, sir; a relationship there that would be comparable, fair, and reasonable, as among the producers of all crops. Parities of basic crops must now reflect industrial prices.

Mr. WILLIAMS. Let us take an example of that. Let us take wheat and grapefruit, things that we have been referring to here so much during the hearings.

Mr. ROBBINS. Well, presumably the Secretary of Agriculture would find a price for grapefruit—

Mr. WILLIAMS. Let us, just for the purpose of illustration, say that wheat is about 90 percent of parity.

Mr. ROBBINS. Parity is about \$1.14 a bushel on wheat now.

Mr. WILLIAMS. Taking 90 percent of parity on wheat, now, how are you going to arrive at grapefruit's parity?

Mr. ROBBINS. The problem would be for the Secretary to determine a parity price for grapefruit, which would presumably give substantially the same net return to the producer as the return that would be obtained by wheat producers, if wheat were bringing parity. Now, whether that return would be based on capital invested, or the cost of producing the crop, or some other basis that would be determined to be fair, could only be decided after, of course, a special study of all of the circumstances in the individual case.

Mr. WILLIAMS. Well, grapefruit, someone here said, would be, we will say, 40 percent of parity. I do not yet understand how you are going to reach parity by comparing different agricultural commodities.

Mr. FORD. You are establishing second-degree parity formula.

Mr. ROBBINS. Suppose, Mr. Williams, the Secretary of Agriculture had an investigation made and found, if wheat were selling at parity, or \$1.14 per bushel, that wheat producers, on the average, would make, we will say, 5 or 10 percent profit, then he could make an investigation and find what price for grapefruit would give a corresponding rate of return of profit, and then determine that that price would be a fair parity for grapefruit as compared with the existing parity for wheat.

Mr. WILLIAMS. Let me ask you this question straight out: Would that result in doubling the price or more of grapefruit, and other fruits as well, and vegetables?

Mr. ROBBINS. No, sir. It would result in lowering the parity for grapefruit, which happens to be an item of unusually high parity as compared with the basic crops; but it is inconceivable, with the existing surplus of grapefruit, if you want a specific answer to your direct question about grapefruit, that the Secretary would find it necessary to encourage an expansion of that industry so as to make the provision of this amendment effective.

Mr. WILLIAMS. You say that "or" in there refers to the emergency and to the declaration of the Secretary to increase production?

Mr. ROBBINS. As we understand it, the provisions in the first two sentences apply only in the event that the Secretary of Agriculture encourages an increased production of the product.

Mr. WILLIAMS. That is, the first part of this is it, or does that cover all of the first sentence?

Mr. ROBBINS. That statement modifies the whole first sentence, and the second sentence modifies the first sentence, so that none of those provisions would be operative except under the circumstances that the Secretary of Agriculture encourages an expansion of production.

Mr. WILLIAMS. Then you can read in after the word "or" that we are talking about here, also that when the Secretary of Agriculture encourages production, or when the Secretary encourages production, and then the rest of that? In other words, "or" is not coordinate with the first part of the sentence but it includes also the declaration of the Secretary to increase production?

Mr. ROBBINS. None of those provisions would become effective except under the circumstance that the Secretary has encouraged an expansion of production; yes, sir.

Mr. WILLIAMS. None of the conditions set forth in the first sentence?

Mr. ROBBINS. That is correct, sir.

Mr. WILLIAMS. From there on down, the last sentence has nothing to do with the declaration of the Secretary with reference to an emergency, an increased production of commodities?

Mr. FORD. You are, in reality, asking Congress to establish a second-degree formula for parity. Instead of comparing peanuts with industrial products, you are comparing them with corn, wheat, cotton, or something else.

Mr. ROBBINS. That is the nature of the comparison.

Mr. GORE. Dr. Robbins, this amendment which you are reading there—it is true that it was agreed upon by the Department, is it not?

Mr. ROBBINS. The Department of Agriculture does not object to this proposal, as stated, with certain qualifications; that is, the ambiguity which has been referred to, of course, should be removed. Perhaps, in addition, it would be desirable, as was suggested yesterday, to make the time of effectiveness of the provisions more definite. Mr. Kunkel suggested that the Secretary might be required to issue a proclamation upon deciding that it was desirable to increase production. That also seems advisable.

Mr. SMITH. Mr. Robbins, then, according to your statement, the Department of Agriculture had not agreed with the Farm Bureau Federation on the telegram or the wording of this amendment as it was presented to this committee?

Mr. ROBBINS. You must have misunderstood me, Mr. Smith. I was indicating that the Department of Agriculture does not object to the purpose of the wording.

Mr. SMITH. But you said, with certain qualifications, the Department of Agriculture agreed.

Mr. ROBBINS. I meant merely to indicate that the Department would agree with the desire voiced here, that a few changes might be made to clarify the meaning of the terms.

Mr. MONRONEY. The Department is thoroughly in sympathy with the objectives of the amendment as received?

Mr. ROBBINS. Oh, yes.

Mr. GORE. I understood that representatives of the Department and the Farm Bureau Board met in Chicago and had come to an agreement on the amendment which was proposed yesterday. Of course, since then there have been certain suggestions made, is that true?

Mr. ROBBINS. Upon being asked what its reaction was, and for advice about the matter, the Department's spokesman said, I believe, that it was not objectionable as it stood, although a few clarifying words should be inserted. The Department also took the position that it seemed obviously desirable that at least the last sentence, which contains a declaration of general policy, be made a part of a general agricultural bill rather than a part of this bill.

The CHAIRMAN. What Mr. Gore is asking you is whether or not the representatives of the Department agreed to the amendment set forth in Mr. O'Neal's telegram, the amendment considered yesterday?

Mr. ROBBINS. Yes, sir; representatives of the Department of Agriculture approve that, with the qualification that at least the last sentence should be, perhaps, part of a general agricultural bill.

The CHAIRMAN. It is your judgment that all of it should be in an agricultural bill, as I understand the matter?

Mr. ROBBINS. That is correct, sir.

The CHAIRMAN. But, as a matter of fact, you agreed with them upon this amendment to this bill?

Mr. ROBBINS. That is correct, sir, as to the first part.

Mr. GORE. It seems that about all of the contention that we have had here has been on the interpretation of this clause which you were discussing with Mr. Williams, but let me state my understanding of it, and will you reply as to whether or not I am correct? As I understand it, that clause beginning with "or," in line 8, and going to the period gives to the Secretary of Agriculture the right to arrive at a fair parity price of these nonbasic commodities such as specialty crops, as it relates to the parity price of other crops?

Mr. ROBBINS. Of the basic crops?

Mr. GORE. Of the basic crops.

Mr. ROBBINS. That is correct, sir.

Mr. GORE. Am I correct in my understanding of that?

Mr. ROBBINS. You are correct, sir.

Mr. CRAWFORD. Dr. Robbins, in reaching this agreement, did the Department of Agriculture send representatives to Chicago to attend that meeting?

Mr. ROBBINS. I do not know. I believe Mr. Hutson met with them; whether he made the journey only for that, I do not know. He is not here this morning; but he was in Chicago Monday, at the time the Farm Bureau people were meeting, and he indicated that, so far as the Department could see, this might, with certain qualifications, be desirable legislation.

Mr. CRAWFORD. There was only one representative of the Department at Chicago?

Mr. ROBBINS. No; I am not sure of the exact number, either. I believe Mr. Shields was also in Chicago Monday at the same time Mr. Hutson was there.

Mr. CRAWFORD. Were any other employees of the Department there?

Mr. SHIELDS. Mr. Hutson.

Mr. CRAWFORD. You and Mr. Hutson made an agreement, insofar as an agreement was made?

Mr. SHIELDS. Yes, sir.

Mr. CRAWFORD. Did you go out there specifically for that meeting?

Mr. SHIELDS. We went out there for other reasons, but we knew there was to be a meeting of the board at that time and that we could talk to the whole board.

Mr. CRAWFORD. I have no objection to that at all. I just wanted to get the procedure that was followed.

Mr. SHIELDS. We went out there on another matter, and knew the Board was meeting, and we discussed the matter with them at that time.

Mr. MILLS. Dr. Robbins, aside from the agreement there is one consideration that I have had about this amendment. Let me see if I understand the basis in law. Now, it is mandatory under the existing law that the Commodity Credit Corporation make 85-percent commodity loans on the five basic crops?

Mr. ROBBINS. That is correct, sir.

Mr. MILLS. On the figures submitted to the committee, I think your requests for funds are based on, and you have limited your consideration in determining those figures to the five basic crops; have you or have you not?

Mr. ROBBINS. No, sir; those figures also include loans to be made on nonbasic crops.

Mr. MILLS. How much did you consider for loans on nonbasic crops out of the billion dollars that you submitted to the committee in the original instance? That testimony was given, but I just wanted it in the record at this point.

Mr. ROBBINS. I do not have the figure here, but, as I recall it, it was approximately \$150,000,000 to cover the nonbasic crops and contingencies.

Mr. MILLS. In your opinion, Dr. Robbins, how much more than \$150,000,000 would you need to carry out the instructions contained in the amendment that was submitted yesterday for our consideration? First of all, you could not carry out the instructions contained in that amendment if you were limited to \$150,000,000 a year, could you?

Mr. ROBBINS. It would certainly be desirable at least to authorize in this connection an appropriation for the Surplus Marketing Administration to carry out the requirements in this declaration of policy.

Mr. MILLS. In addition now to the amount that the Surplus Marketing Administration has for the coming fiscal year and the amount of \$150,000,000 that you think that you can make available for that purpose?

Mr. ROBBINS. That is correct, because otherwise you would be setting down certain requirements and declaring a policy which the Surplus Marketing Administration might not have sufficient funds to meet.

Mr. MILLS. The point I am getting to, Dr. Robbins, is this: We have had the same time to consider this amendment you have had. Can you tell us approximately how much additional funds the Department of Agriculture would have to have to carry out the instructions contained in this amendment to raise nonbasic commodities to 85 percent of parity where the Secretary of Agriculture has brought about an expansion in the production of those commodities?

Mr. ROBBINS. No, sir; it has not been possible to estimate that figure.

Mr. MILLS. But you might say this, that without additional funds being made available, the adoption of this amendment by the committee might result in a meaningless situation in that you would not be able to carry out the instructions contained in the amendment because of lack of funds, is that true?

Mr. ROBBINS. That is correct, and I might point out this further distinction, that I hardly believe it would be the intent of the Congress to use funds that it had authorized to be borrowed for the purpose of making loans in order to distribute surpluses for relief needs. Those needs have been met heretofore by appropriations for the Surplus Marketing Administration, and while the Commodity Credit Corporation might be able to supply funds to purchase farm products, if further authorization to the Surplus Marketing Administration were not made, then we would have a situation under which you had directed a lending agency not to lend funds but to use its funds for relief distribution, and that would be a fundamental change in the whole approach to the farm problem, so, in order to avoid the anomalous situation of either directing that something be done without having the necessary money available, or directing that loan funds be used for relief donations, it would seem advisable to authorize, if not appropriate, here a sum for Surplus Marketing Administration to meet the needs that could arise out of the requirements set forth in the amendment.

Mr. MILLS. Then we might correctly assume, Dr. Robbins, that if we adopt the language contained in this amendment, that we can expect another visit from officials of the Commodity Credit Corporation asking for additional funds?

Mr. ROBBINS. The visit would presumably be made by the Surplus Marketing Administration to the Appropriations Committee.

Mr. MILLS. We could expect that?

Mr. ROBBINS. Asking for funds to take off our hands the things that had been purchased for relief distribution.

Mr. MILLS. I do not mean by this line of questioning to convey the impression that I am not in favor of the amendment in some form or of the policy that it appears that Congress desires to convey to the Department, but I merely wanted to obtain information as to approximately where we would stand if we adopted the amendment.

Mr. HULL. Why should an increase of funds be necessary by Congress when the purpose, as stated by the Secretary in announcing the necessity for the increased production, was to furnish supplies to Britain, for which there is \$500,000,000 available for the purchase of food products in this country? According to Mr. Perkins' statement the other day, these purchases were being made now for British consumption. Why is it necessary for us to appropriate \$150,000,000 if there is already available \$500,000,000 with which to purchase this stuff?

Mr. ROBBINS. The so-called lend-lease funds are only available for shipments to Great Britain of production to meet British needs. If the takings by the British were less than the surpluses created to meet the need, the problem would remain of maintaining prices of at least 85 percent of parity, or a figure determined to be a comparable parity in the case of special crops, and the surplus would have to be disposed of for relief purposes.

Mr. HULL. But you would still have this situation of a demand for increased production to supply Britain. Why is it necessary to appropriate any more money as long as that demand has not been supplied.

Mr. ROBBINS. The problem would arise in this form: An effort has been made to increase the supply for Britain, but perhaps the response under that program will be far greater than British needs. That is unpredictable and more or less uncontrollable. If it is greater, and the Government must maintain a minimum price equivalent to 85 percent of parity, then the Government will acquire a surplus which cannot be disposed of to the British. The only alternative, then, is to use that for relief. Now, in order to distribute that on relief, of course, some appropriation should be authorized so that the S. M. A. can take the surpluses from the Commodity Credit Corporation and dispose of them by relief distribution.

Mr. HULL. Only in that event would you need any further funds from Congress?

Mr. FORD. It seems to me to be as plain as the nose on your face that you are directing this Corporation to increase its price on nonbasic commodities to 85 percent of parity, but you cannot do it without more money.

Mr. HULL. That for domestic consumption, yes; but that premise is based upon supplying Great Britain with foodstuffs.

Mr. FORD. I do not know that it is—

Mr. HULL. Otherwise, why the demand for an increase in the production of dairy products and other products?

Mr. FORD. That is a temporary situation, but suppose Britain takes half of what we plan they should take; then what is the situation?

Mr. HULL. Until that happens, you do not need any more funds from Congress; that is the point I am trying to make.

Mr. ROBBINS. That may be correct, Mr. Hull.

Mr. FORD. Mr. Mills was merely directing his statement to that situation.

Mr. HULL. In the telegram which we understood has been agreed to by the Department after consultation with Mr. O'Neal of the Farm Bureau, there was a paragraph inserted in the amendment which stated:

46 It is the policy of the Congress that other purchase, loan, or other operations of the Department, taking into account the funds available for such purposes, for all commodities, and the ability of producers to bring supplies into line with demand, shall be carried out so as to bring the price and income of the producers of such commodities to a fair parity relationship with other commodities.

I do not find that in the amendment that we have under consideration at present. Was that stricken out on demand of the Department?

Mr. GORE. That is in the amendment before the committee.

Mr. HULL. I have still another amendment here this morning and I am confused as to the number and volume of them. I am trying to get this amendment back into it. Did the Department insist on the striking out of that paragraph? That is what I am trying to find out.

Mr. ROBBINS. The answer is "No," Mr. Hull, but the Department has indicated that it would be more preferable for any such general declaration of policy or rule to be included in the needed general farm bill which, presumably, may soon appear for hearings in the Committee on Agriculture.

The CHAIRMAN. You have before you the suggested amendment, for information, but it is not under consideration at this time. That language is the amendment that is under consideration by the committee.

Mr. MILLS. I am not entirely satisfied in my own mind with the answer that Dr. Robbins gave, and the one that I possibly agreed to. On the question of whether or not the passage of this amendment subsequent to the passage of the law requiring 85 percent mandatory loans on basic crops, would it not, because of the fact that it was subsequent to that law, take precedence over it, so that some of the funds that the Congress intended to be used in making loans on the basic crops might not be used for the purpose of making loans, but purchasing or otherwise handling nonbasic commodities? Now, legally, I am not much of a lawyer, and I do not claim to be, but legally, if one statute is passed subsequent to another, the latter statute takes precedence over the former. I wonder if that could not apply in this case?

Mr. ROBBINS. I would like to refer that question to our legal adviser, Mr. Shields.

Mr. SHIELDS. In my opinion the 85-percent loan is a mandatory loan of 85 percent on basic crops, and it would take precedence over expenditures for nonbasic crops under this language. This language merely says this shall be done within the limit of the funds.

Mr. MILLS. But you are talking about the total funds, it occurs to me. You are not saying within the limit of \$170,000,000 but you are saying within the limit of the fund.

Mr. SHIELDS. That is right.

Mr. MILLS. Which would mean the total amount.

Mr. SHIELDS. That is true.

Mr. MILLS. I think technically that there is danger that the passage of this amendment might supersede the basic law that we passed recently.

Mr. SHIELDS. In reference to your opinion on that, there is also a rule of law which provides that the specific provision controls a general one, and we have a very specific provision that you are to make 85-percent loans on basic crops, and here in this amendment it is not as specific. It says you shall do this within the limit of the funds.

Mr. MILLS. Yes; I am acquainted with that provision of law also; but whether or not you can make an 85-percent loan on a basic commodity is entirely dependent on the amount of money you have. Suppose there is a limit upon the use of those funds which is contrary to the general law, then the point that worries me is whether or not the limitation in the use of the fund would take precedence over the general law.

Mr. ROBBINS. I do not think that is a substantial danger.

The CHAIRMAN. If there should arise any question about that, there was no thought or purpose on the part of the framers of this amendment, or the Department in supporting this amendment, that there would be any failure to comply with the mandatory provisions of the present law requiring loans of 85 percent on the five basic commodities?

Mr. SHIELDS. Absolutely not.

Mr. SMITH. Would the recent vote on the wheat-loan program affect the amount of funds available for loans to be made by the Commodity

Credit Corporation? For example, my State voted overwhelmingly against the wheat-loan program, and other States voted against it.

Mr. ROBBINS. Wheat loans of 85 percent of parity have now become mandatory in view of the fact that more than two-thirds—81 percent—of the vote was in favor of marketing quotas.

1 Co
Mr. DEWEY. I would like to ask one or two questions, and while I expect to go along with this legislation, Mr. Chairman, I do want to know this: Is it not true that when there is a shortage that the price generally rises on the commodity that is short?

Mr. ROBBINS. Yes, sir; the law of supply and demand assures that.

Mr. DEWEY. Then there would not be probably any funds required to put the price up on something that was in demand. The danger would be, would it not, that after you had increased the supply and the demand had departed, then you might have to support the price after that time?

Mr. ROBBINS. That is correct, sir.

Mr. DEWEY. That being the case, I would like to inquire if the Commodity Credit Corporation, the Department of Agriculture, contemplates disposing of their presently owned stocks of commodities in an orderly way and possibly carrying out the provisions of this amendment at the same time in order that when the demand induced by the present emergency is past, your organization will be in good condition to support the declining prices which will inevitably follow the passage of the emergency? Do I make myself clear?

Mr. ROBBINS. Yes, sir. The Department of Agriculture, you may be assured, will at the earliest possible date that it can be done without undue interference with the current markets, reduce certain loan stocks of commodities. However, it would hardly undertake to eliminate all of the present loan stocks, because we clearly need certain reserves to protect us against drought or other emergencies, especially of the feed grains.

In the case of cotton, for instance, Mr. Dewey, the surplus on hand when the farm program began was exceedingly large, and it was reduced very substantially, until the large 1937 crop came along as a consequence of the Supreme Court decision in the *Hoosac Mills case*. Following that the soil conservation farm program was adopted, and we again began reducing the cotton surplus very rapidly. You will recall that it was reduced 2,000,000 bales last year. Now we find ourselves once more with an emergency situation, with foreign markets gone, which causes another temporary increase in cotton stocks; but in between those emergencies in the past there has been, and in the future must be, over the years a large reduction of cotton surpluses.

Mr. KUNKEL. What specific, definite actions would you suggest by the Secretary of Agriculture to be used as a substitute for the very vague word "encourages" in the first line of the proposed amendment? I would like to have that more clearly defined, Mr. Robbins. I am not familiar enough with the practice in the Department of Agriculture to make any suggestion.

Mr. ROBBINS. After you raised that question yesterday, Mr. Kunkel, and other Members of the committee participated in the discussion, I recall, indicating that they felt as you did about it, a redraft was made that would require the Secretary of Agriculture to make

a formal determination of any need for an increase of production and then to proclaim it; these provisions would then go into effect at that time. That draft is right here, sir.

Mr. KUNKEL. This draft is just the same except it lacks the last clause, the policy clause?

Mr. ROBBINS. And it also removes any possible confusion about basic and nonbasic crops.

The CHAIRMAN. The committee will go into executive session.

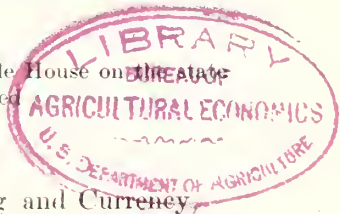
(Thereupon, at 12:20 p. m., the committee went into executive session.)

×



EXTENSION OF LIFE AND INCREASE IN CREDIT RESOURCES OF COMMODITY CREDIT CORPORATION

JUNE 5, 1941.—Committed to the Committee of the Whole House on the part of
the Union and ordered to be printed



Mr. STEAGALL, from the Committee on Banking and Currency,
submitted the following

REPORT

[To accompany H. R. 4972]

The Committee on Banking and Currency, to whom was referred the bill (H. R. 4972) to extend the life and increase the credit resources of the Commodity Credit Corporation, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

The first section of the bill extends the life of the Commodity Credit Corporation as an agency of the United States to June 30, 1946, and section 3 of the bill increases to \$2,650,000,000 the amount of bonds, notes, or other obligations of the Corporation which the Corporation may issue and have outstanding at any one time.

The second section of the bill amends the act providing for an annual appraisal of the assets of the Corporation by providing that the value of the assets shall be determined on the basis of the cost, including not more than 1 year of carrying charges, of such assets to the Corporation, or the average market price of such assets for a period of 12 months ending with March 31 of each year, whichever is less. Under existing law such value is determined on the basis of market price at the time of appraisal.

Recently the Secretary of Agriculture has found it necessary to encourage farmers to increase the production of certain crops in order to obtain additional supplies for export to Great Britain during the present emergency. Under these circumstances farmers are entitled to some assurance that after they have increased their production upon the encouragement of the Government, the increased supplies will not be allowed to depress the domestic market to a level of unreasonably low prices. In order to meet this obvious need section 4 is included in the bill for the purpose and with the intent of assuring

farmers, upon being encouraged by the Secretary to increase their production of any commodity during the present emergency, that the Department of Agriculture will undertake, within the limitations of funds available, to provide through loan programs, purchase programs, and other programs for the maintenance of a price for such commodity of not less than 85 percent of the parity price therefor, or, under certain circumstances in the case of nonbasic commodities, a price comparable to not less than 85 percent of the parity price for other commodities. In addition, under the provisions of section 4 such a program would not be discontinued without allowing producers a reasonable time within which to readjust their production. The last sentence of section 4 declares that it is the policy of Congress that all purchase, loan, and other operations of the Department, taking into account the funds available and the ability of producers to bring supplies into line with demand, shall be carried out so as to bring the price and income of producers of the commodities in question to a fair parity relationship with other commodities.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SECTION 7 OF ACT OF JANUARY 31, 1935, AS AMENDED

SEC. 7. Notwithstanding any other provision of law, Commodity Credit Corporation, a corporation organized under the laws of the State of Delaware as an agency of the United States pursuant to the Executive order of the President of October 16, 1933, shall continue, until the close of business on **[June 30, 1941]** *June 30, 1946*, or such earlier date as may be fixed by the President by Executive order, to be an agency of the United States. During the continuance of such agency, the Secretary of Agriculture and the Governor of the Farm Credit Administration are authorized and directed to continue, for the use and benefit of the United States, the present investment in the capital stock of Commodity Credit Corporation, and the corporation is hereby authorized to use all its assets, including capital and net earnings therefrom, and all moneys which have been or may hereafter be allocated to or borrowed by it, in the exercise of its functions as such agency, including the making of loans on agricultural commodities.

SECTION 1 OF ACT OF MARCH 8, 1938, AS AMENDED

That as of the 31st of March in each year and as soon as possible thereafter, beginning with March 31, 1938, an appraisal of all the assets and liabilities of the Commodity Credit Corporation for the purpose of determining the net worth of the Commodity Credit Corporation shall be made by the Secretary of the Treasury. The value of assets shall, insofar as possible, be determined **[on the basis of market prices at the time of appraisal]** *on the basis of cost, including not more than one year of carrying charges, of such assets to the Corporation, or the average market price of such assets for a period of twelve months ending with March 31 of each year, whichever is less*; and a report of any such appraisal shall be submitted to the President as soon as possible after it has been made. In the event that any such appraisal shall establish that the net worth of the Commodity Credit Corporation is less than \$100,000,000, the Secretary of the Treasury, on behalf of the United States, shall restore the amount of such capital impairment by a contribution to the Commodity Credit Corporation in the amount of such impairment. To enable the Secretary of the Treasury to make such payment to the Commodity Credit Corporation, there is hereby authorized to be appropriated annually, commencing with the fiscal year 1938, out of any money in the Treasury not otherwise appropriated, an amount equal to any capital impairment found to exist by virtue of any appraisal as provided herein.

SECTION 4 OF THE ACT OF MARCH 8, 1938, AS AMENDED

SEC. 4. With the approval of the Secretary of the Treasury, the Commodity Credit Corporation is authorized to issue and have outstanding at any one time, bonds, notes, debentures, and other similar obligations in an aggregate amount not exceeding **[\$1,400,000,000]** \$2,650,000,000. Such obligations shall be in such forms and denominations, shall have such maturities, shall bear such rates of interest, shall be subject to such terms and conditions, and shall be issued in such manner and sold at such prices as may be prescribed by the Commodity Credit Corporation, with the approval of the Secretary of the Treasury. Such obligations shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof, and such obligations shall be lawful investments and may be accepted as security for all fiduciary, trust, and public funds the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof. In the event that the Commodity Credit Corporation shall be unable to pay upon demand, when due, the principal of, or interest on, such obligations, the Secretary of the Treasury shall pay to the holder the amount thereof which is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such obligations. The Secretary of the Treasury, in his discretion, is authorized to purchase any obligations of the Commodity Credit Corporation issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of the Commodity Credit Corporation's obligations hereunder. The Secretary of the Treasury may at any time sell any of the obligations of the Commodity Credit Corporation acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of the obligations of the Commodity Credit Corporation shall be treated as public-debt transactions of the United States. No such obligations shall be issued in excess of the assets of the Commodity Credit Corporation, including the assets to be obtained from the proceeds of such obligations, but a failure to comply with this provision shall not invalidate the obligations or the guaranty of the same. The Commodity Credit Corporation shall have power to purchase such obligations in the open market at any time and at any price.

○



77TH CONGRESS
1ST SESSION

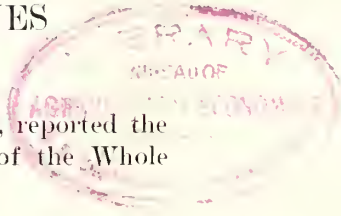
H. R. 4972

[Report No. 742]

IN THE HOUSE OF REPRESENTATIVES

JUNE 5, 1941

Mr. STEAGALL, from the Committee on Banking and Currency, reported the following bill; which was committed to the Committee of the Whole House on the state of the Union and ordered to be printed



A BILL

To extend the life and increase the credit resources of the Commodity Credit Corporation, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 7 of the Act approved January 31, 1935 (49
4 Stat. 4), as amended, is hereby amended by deleting from
5 the first sentence thereof the term "June 30, 1941" and
6 inserting in lieu thereof the term "June 30, 1946".

7 SEC. 2. Section 1 of the Act approved March 8, 1938
8 (52 Stat. 107), as amended, is hereby amended by deleting
9 from the second sentence thereof the term "on the basis of
10 market prices at the time of appraisal" and inserting in lieu

1 thereof the term "on the basis of the cost, including not more
2 than one year of carrying charges, of such assets to the
3 Corporation, or the average market prices of such assets for
4 a period of twelve months ending with March 31 of each
5 year, whichever is less;".

6 SEC. 3. Section 4 of the Act approved March 8, 1938
7 (52 Stat. 108), as amended, is hereby amended by deleting
8 the term "\$1,400,000,000" and inserting in lieu thereof the
9 term "\$2,650,000,000".

10 SEC. 4. Whenever during the existing emergency the
11 Secretary of Agriculture encourages the expansion of pro-
12 duction of any commodity, the Secretary shall so use the
13 funds made available under this Act or otherwise made
14 available to him, through a commodity loan, purchase, or
15 other operation, taking into account the funds available for
16 such purpose for all commodities, as to support a price for
17 the producers of any such commodity of not less than 85
18 per centum of the parity price therefor, or, in the case of
19 any nonbasic commodity the production or consumption of
20 which has so changed in extent or character since the base
21 period as to result in a price out of line with parity prices
22 for basic commodities, a price comparable to not less than
23 85 per centum of the parity price for other commodities.
24 Any such commodity loan or purchase operation which is
25 undertaken shall be continued until the Secretary has given

1 sufficient notice to the producers of such commodity to per-
2 mit them to make a readjustment in the production of
3 such commodity. It is the policy of the Congress that other
4 purchase, loan, or other operations of the Department, taking
5 into account the funds available for such purposes for all
6 commodities and the ability of producers to bring supplies
7 into line with demand, shall be carried out so as to bring the
8 price and income of the producers of such commodities to a
9 fair parity relationship with other commodities.

77TH CONGRESS
1ST SESSION

H. R. 4972

[Report No. 742]

A BILL

To extend the life and increase the credit resources of the Commodity Credit Corporation, and for other purposes.

By Mr. STEAGALL

JUNE 5, 1941

Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

CONSIDERATION OF H. R. 4972

JUNE 20, 1941.—Referred to the House Calendar and ordered to be printed



Mr. SABATH, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 244]

The Committee on Rules, having had under consideration House Resolution 244, reports the same to the House with the recommendation that the resolution do pass.

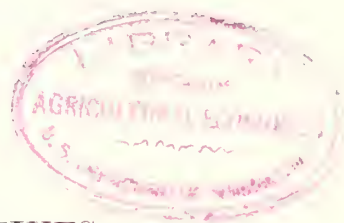


House Calendar No. 108

77TH CONGRESS
1ST SESSION

H. RES. 244

[Report No. 812]



IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 1941

Mr. SABATH, from the Committee on Rules, reported the following resolution;
which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That immediately upon the adoption of this
2 resolution it shall be in order to move that the House resolve
3 itself into the Committee of the Whole House on the state
4 of the Union for the consideration of H. R. 4972, a bill to
5 extend the life and increase the credit resources of the Com-
6 modity Credit Corporation, and for other purposes. That
7 after general debate, which shall be confined to the bill and
8 shall continue not to exceed two hours, to be equally divided
9 and controlled by the chairman and ranking minority member
10 of the Committee on the Civil Service, the bill shall be read
11 for amendment under the five-minute rule. At the con-
12 clusion of the reading of the bill for amendment the Committee

1 shall rise and report the same to the House with such amend-
2 ments as may have been adopted, and the previous question
3 shall be considered as ordered on the bill and amendments
4 thereto to final passage without intervening motion except one
5 motion to recommit.

House Calendar No. 16

77TH CONGRESS
1ST SESSION

H. RES. 244

[Report No. 812]

RESOLUTION

For the consideration of H. R. 4972, a bill to extend the life and increase the credit resources of the Commodity Credit Corporation, and for other purposes.

By Mr. SABATH

JUNE 20, 1941

Referred to the House Calendar and ordered to be
printed

The passage of this bill would only more adequately equip the Federal Reserve with resources sufficient to take care of domestic or any other demands that might be made on the system.

Mr. SABATH. In view of their refusal to make loans, extend credit, and help the commerce of this Nation, although they were in position to do so and were authorized to do so, I see no reason why we should now give them more power. We should not unless we have their assurance they will change their tactics. I have lost all confidence in this institution to be of any assistance to the industry or commerce of the Nation, or that they will carry out acts of Congress.

May I ask the gentleman whether this bill has the approval of the Secretary of the Treasury?

Mr. STEAGALL. It has the approval of the Secretary of the Treasury and of the administration.

Let me remind the gentleman that, as he knows, the Federal Reserve banks are banks of rediscount that do not ordinarily under their general operations make direct loans. The authority to which the gentleman refers was a special act of Congress within a limited amount. How much they have on hand now I do not know, but it is only a few millions, it is not even a drop in the bucket so far as it relates to the general supply of bank credit in the United States. This bill, however, would not interfere with carrying out the terms of the authorization to which the gentleman refers and which he seems to desire. On the contrary, it would be an aid for that action.

Mr. SABATH. And I am fully aware of the fact that it was the understanding of Congress when we gave them that power that they would carry out the desire of Congress; but they have failed and I am afraid they will continue to ignore the instructions of Congress.

Mr. STEAGALL. Mr. Speaker, I now yield to the gentleman from Michigan.

Mr. CRAWFORD. I wish to ask our distinguished chairman one of two questions. Is it correct to say that the Chairman of the Board of Governors made the observation that this power had not been used since about 1938?

Mr. STEAGALL. 1938 or 1939, as I remember.

Mr. CRAWFORD. And that he personally felt that in the general approach to the problem the national and international situation was such he felt this power should be extended at the present time?

Mr. STEAGALL. That is quite correct.

Mr. CRAWFORD. And, furthermore, there is what might be called an absolute absence of commercial paper for rediscount purposes insofar as the Federal Reserve banks are concerned?

Mr. STEAGALL. Only about \$2,000,000 in all at this time.

Mr. CRAWFORD. Along with the approximately five and a quarter billion dollars of excess reserves?

Mr. STEAGALL. At the time this original act was passed there was nearly a billion of commercial paper in the Federal Reserve banks.

Mr. CRAWFORD. Mr. Speaker, I shall not object to the consideration of this bill at the present time. Personally, I regret it is necessary for action of this kind to be taken, and on a roll-call vote I personally would not support the measure under present conditions.

The SPEAKER. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

There was no objection.

The bill was ordered to be read a third time, was read the third time and passed and a motion to reconsider was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. McCORMACK]?

Mr. RICH. Mr. Speaker, reserving the right to object, may I ask the majority leader if he will tell us, during this 1 minute, what became of the Vinson bill he promised would be up for consideration on the 23d of June. We were back here waiting for it and wanted the opportunity to vote on it.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. McCORMACK]?

There was no objection.

ADJOURNMENT FROM JULY 3 TO JULY 7

Mr. McCORMACK. Mr. Speaker, the gentleman from Massachusetts made no promise. That is the complete answer to the gentleman from Pennsylvania. I said "probably."

I want to announce for the benefit of the House that the May bill, due to the fact that there are several appropriation bills, the conference reports on which will come up for consideration, and due to the fact that we have to keep ourselves in a position where they can be considered as it is important that they pass before the end of the fiscal year, June 30, and on account of other emergency matters that may arise, will come up for consideration on July 8.

May I also announce that it is the intention, if unanimous consent can be obtained, to adjourn from next Thursday over until Monday following, with the understanding that on Thursday there will be no important legislation called up, and there will be no important legislation called up on the following Monday, July 7. I want to make this announcement for the benefit of the Members.

Mr. MARTIN of Massachusetts. Everybody may rest assured that the May bill will not be called up, then, before July 8?

Mr. McCORMACK. That is right.

Mr. MAY. As I understand it, then, it is definitely understood that that bill will have precedence at that time?

Mr. McCORMACK. On July 8. That is the understanding.

Mr. RICE. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Pennsylvania.

Mr. RICH. I did not say that the gentleman had definitely promised that the Vinson bill would be up on June 23.

However, we were led to believe that that bill would come up for consideration on June 23. We were also told about 2 or 3 weeks previously that the bill would come up for consideration. It has not come up. Who is holding it back, who is permitting these strikes to continue? We ought to do something.

[Here the gavel fell.]

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to proceed for an additional 30 seconds.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. McCORMACK]?

There was no objection.

Mr. McCORMACK. I call the gentleman's attention to the fact that a rule has been reported out of the Rules Committee. Seven legislative days have gone by. I assume the gentleman from Pennsylvania is as well acquainted with the rules of the House as is the gentleman from Massachusetts.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial.

The SPEAKER. Is there objection to the request of the gentleman from Oregon [Mr. ANGELL]?

There was no objection.

COMMODITY CREDIT CORPORATION

Mr. SABATH. Mr. Speaker, I call up House Resolution 244, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 4972, a bill to extend the life and increase the credit resources of the Commodity Credit Corporation, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Civil Service, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SABATH. Mr. Speaker, I move to amend the rule by striking out "the Civil Service" in line 10 and inserting in lieu thereof "Banking and Currency."

The amendment was agreed to.

Mr. SABATH. Mr. Speaker, does the gentleman from New York [Mr. FISH] desire to use any time?

Mr. FISH. Half of the hour.

Mr. SABATH. As usual, after I conclude, I shall yield to the gentleman one-half hour.

Mr. Speaker, this rule makes in order the consideration of the Commodity Credit Corporation bill, which increases its credit resources from \$1,400,000,000 to \$2,650,000,000. We are informed that this is necessary because of the law Congress has passed, to increase the parity

prices from what was originally 57.5 percent, as increased by the House, to 75 percent, and later increased by the conferees to 85 percent, which is the amount provided in the law today. The amount provided in the bill by reason of this increase is a tremendous one, but it is claimed it is necessary. I felt, and feel now, that 85 percent is not justified, but in view of the fact that the House and the Senate have acted, I am not going to try to criticize that action.

That this will be of tremendous help to agriculture no one can deny. What I am wondering is whether the farmers will ever appreciate what is being done for them. Somehow or other, up to now, although we have gone far afield and have given them everything for which they have asked and many things for which they have not asked and never dreamed of receiving at the hands of the Congress, they still seem to be dissatisfied.

I have not been to the Western States lately, but last fall I traveled some, and I observed that whether it was in New York, New Jersey, Ohio, Pennsylvania, Illinois, Indiana, or other States in this section, there was greater prosperity all throughout the rural sections of the country than ever before in our history. I was immensely pleased and gratified that Congress has aided the agriculture of this country to that extent.

I recognize that there may be some sections of the United States that may need a little help, and I am willing they should have it, but I cannot see where the States I have mentioned and many others really need the continuation of the aid and assistance Congress has been giving them and that it is being asked to grant them from time to time.

I notice this morning's papers show that wheat is \$1.02½, that corn is 73 cents, that December corn is 78 cents, and that cotton is 14½ cents, and I am very glad of that. The prices of all commodities have been increased tremendously, for which I am thankful. I feel that the amounts we have advanced will not be lost, due to this increase. Many gentlemen here feared that the Government would lose tremendous sums of money because of the loans that have been made on cotton. If the Government should see fit to start to dispose of its cotton today, it would not only not show a loss but there would be a tremendous profit to the Government; in fact, taking everything into consideration, I understand that the Commodity Credit Corporation, on the whole, would show a profit today.

The Commodity Credit Corporation has on hand now about \$231,000,000 and, therefore, I could not see why it was necessary in the first place to increase the amount from \$1,400,000,000 to \$2,650,000,000. But I am satisfied that the gentlemen in charge have carefully considered the needs and want to be safe, and that is the reason it is asked that this amount be increased. They state that the increase to 85 percent in the parity prices made this absolutely necessary.

Of course, I know that this will be of great help to the farmers of my district in Chicago.

Mr. MURRAY. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Wisconsin.

Mr. MURRAY. The gentleman said that rather facetiously, but I wish to assure my good friend from Chicago that his constituents are going to benefit by this, because it is of benefit to the businessman just as much as it is to the farmer.

Mr. SABATH. I fully agree with the gentleman. That was one of the several reasons why I have for all the years I have been here advocated legislation favorable to the agriculture of our country, notwithstanding the fact that my district has not a single farmer. Many of my constituents would like to be farmers if they could get some land somewhere on which they could make the splendid living that most of the farmers do in the Middle West and in many other sections of the country.

I fully appreciate that if a farmer is successful and prosperous, it enables him to buy what he needs for his farm, for his family, and for himself, which stimulates business and increases employment, and in that way is helpful and beneficial to the people in the manufacturing sections and in the cities. For that reason I have supported this legislation.

From my observation, however, I feel and I hope that it will not be necessary in the future to appropriate hundreds upon hundreds of millions of dollars, because I really believe it will not be needed or required; but the farmers have become accustomed to Government aid and some of the Members here, wishing to be in a position to demonstrate to their people at home, have continuously pressed for still larger appropriations. As I say, I hope the argument they have heretofore employed—that it is needed—will be eliminated because of the continuously improved farming conditions and the higher prices that the American farmer is enjoying today.

Mr. Speaker, I shall join with my colleagues from the agricultural sections in voting for the bill, but cannot refrain from saying that notwithstanding my support and aid in the passage of legislation in the interest of the American farmer and that I have voted for the appropriations of all these millions of dollars, I regret that the gentlemen representing the rural sections do not reciprocate in supporting legislation that will aid those who consume the products of the farm when they have an opportunity to do so, and I can but hope that they will do so in the future. I do hope, however, that the farmers of this country will recognize and appreciate what this administration and Congress have done for them.

Mr. Speaker, the gentleman from New York [Mr. FISH], to whom I later will yield 30 minutes, informs me that he will shortly report for active duty with the Army Reserve Corps and, therefore, he will not be with us for some time. I congratulate him upon his privilege to serve the country in that field, which privilege, due to my age, is denied me. I understand that he has recently taken a poll

in his district and finds that a large percentage of the residents are opposed to war. There cannot be anything surprising about that poll because beyond question all of us are opposed to war.

Despite the gentleman's opposition to war, I hope he will continue to advocate all possible aid for our national defense and that he will further urge aid to Great Britain, China, and Russia. By helping those countries it will serve to help us from being forced to defend ourselves from the well-laid-out, diabolical scheme of Hitler, who is trying to carry out the old Prussian dream of world conquest. For the information of the gentleman from New York and of that of the House, the attack against Russia is for the purpose of enabling Hitler to attack the United States from the north. Therefore it is to our advantage and for our own protection to encourage and aid Great Britain, as well as Russia, to stop Hitler in his plan, as he has so many times stated, to attack us after he will have conquered Europe. Consequently, whether we like the communistic form of government or not, we cannot be blind to the fact that Russia, the same as Great Britain, is fighting against Hitlerism, whose main aim is to destroy the democracies of the world. There is no question in my mind or those of well-informed men that the defeat of Hitler by Great Britain and Russia will save us from being ultimately forced to use our armed forces to protect ourselves. I hope that very few people in the United States will be misled by the redoubled Nazi propaganda against communism. The truth is that the hue and cry against communism has been emanating from the Nazi agents in the United States, and, no doubt, will be increased by the Fascists in our country.

Mr. Speaker, I now yield 30 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I yield myself such time as I may desire to use and, Mr. Speaker, I ask unanimous consent to speak out of order during part of my time.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. Mr. Speaker, there is no serious objection to this bill, increasing the amount of money for the Commodity Credit Corporation by \$1,250,000,000 and extending the time for 5 years. I hope when this matter is considered in committee there will be a thorough study of the time limit. It seems to me at first glance that this is too long and that it would be much better to have it extended 2 years or 3 years instead of 5 years. Certainly, in my humble judgment, without having listened to the arguments on the other side, it would be better to have it end June 30, 1944, if not before that.

I understand from members of the committee on this side that there is no active opposition to the bill. I would like to find out, however, from the distinguished chairman of the Rules Committee, the gentleman from Illinois [Mr. SABATH], whether he can give the House

any guaranties that the \$1,250,000,000 we are adding in this bill will not be used for propaganda purposes in arousing the farmers and trying to break down their determination to keep out of war. The gentleman himself will recall that a few days ago in the House a letter was read by the gentleman from Wisconsin [Mr. KEEFE] from the Farm Security Administration calling upon the farm agents to go around the country and by word of mouth try to arouse the farmers to a warlike spirit in order to take some drastic action to involve America in war.

Mr. SABATH. Mr. Speaker, I will answer the gentleman by saying that personally I was much surprised to hear the letter read. I did not know by whom it was written or who was behind it or why it was written, but I do know that the Commodity Credit Corporation has functioned splendidly in the interest of the Nation and at the same time in the interest of the agriculturalists of this country, and I know from the evidence before our committee and from the assurances I have had that they will continue in their efforts to be of service without playing any politics. The fact that I have stated that the farmers have not appreciated certain things should not be taken to mean that such a statement should be charged to the Commodity Credit Corporation. That is my own conviction and belief. I have always believed they should show some appreciation for an administration that has done so much for them, but that should not be charged to the Commodity Credit Corporation.

Mr. FISH. The chairman of the Rules Committee has been outspoken in his opposition to war and I want to commend him at every possible opportunity, but nevertheless the Secretary of Agriculture, Mr. Wickard, who will be in charge of the money provided under this bill, has repeatedly gone before the farmers and urge them to get excited, stating they must get excited immediately, that they do not know the facts and they must change their point of view entirely.

The letter sent out by the Farm Security Administration constituted a virtual conspiracy to break down the will of the American farmers to keep out of war. Mr. Wickard will be in charge of this huge appropriation. He has repeatedly made speeches to the farmers, urging them to become aroused and to get excited; just another scheme to spread fear and war hysteria among the farmers. I always suspect these members of the Cabinet and high Government officials like Mr. Wickard and Mr. Ickes who are invincible in peace and invisible in war. I do not know Mr. Wickard, but I looked up his record in the Congressional Directory and found out that he is 5 years younger than I am and, according to his biography, he did not serve a day in the World War, but now he is making war speeches all over the country. I should think those individuals in their twenties who did not serve in the last war would hesitate to urge sending American youth of this generation into European and Asiatic wars. I say to you, Mr. Speaker, and to the Members of the House, that

things have come to a pretty pass when those who did not serve when they had a chance to defend America are now going over the country urging others to serve and shed their blood in another foreign war.

Mr. SABATH and Mr. O'CONNOR rose. Mr. FISH. I yield first to my distinguished chairman.

Mr. SABATH. Personally, I regret that the gentleman from New York does not know the Secretary of Agriculture. If he knew him he would come to the conclusion that he is a highly patriotic gentleman, who loves his country and who desires that the Nation should do everything possible for national defense.

Mr. FISH. Certainly, we are all for that.

Mr. SABATH. That is his aim and his only aim, and not to involve us in war.

Mr. FISH. I am not going to read his speeches, although I have them all here, but if the gentleman will take the trouble to read his speeches he will understand precisely what he said, and that the purpose of all his speeches was to incite the American farmers to war.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. O'CONNOR. I have been reading some of the Secretary's speeches about war likewise and I will say that if the Secretary had gone before the people in an election and made such talks before election he would still be on his farm in Indiana, and if he wants to find out what the people think of his stand, just let him run for office.

Mr. FISH. I would like to see a lot of those war makers try to run for office, and as I go along I am also going to say something about those from the Southland. I want to answer some of the statements repeatedly made in the cloakroom and even on the floor of the House by Representatives from the South. If you talked to some of these southern Representatives you would think that everybody in their districts was for war. I challenge any Member of the House, and especially any southern Representative, to poll all the voters in his district. Not a single district in the United States and not a single district in the South will show a vote of more than one-third for war, in spite of the fact that you may get many letters from distinguished, rich, and powerful Democrats in the South, and maybe officeholders under the administration, urging war; yet not one district in the South, if you include all the people, will show that more than one-third are for war, and generally not over one-fourth or one-fifth. Some young and ambitious Democrats may wake up to this situation, which is filled with political dynamite, and decide to enter the primaries on the clear-cut issue of staying out of the war except in defense of America. If they do, some of the interventionist Members from the South will be headed for trouble. Even the Gallup poll shows only 20 to 30 percent for war in the South, and I think the Gallup poll minimizes the sentiment against war. I propose to take this opportunity to present the facts regarding the poll that I took in my district, which

is a typical district, half urban and half rural. Furthermore, it is a district which I would have said would have voted about 3 to 1 against war, because it is influenced by the great New York daily interventionist newspapers, the Times and the Herald Tribune, and by the eastern interventionists radio commentators and the war-making columnists. I would have said offhand that my constituents would have voted 2 or 3 to 1 against war. I sent out 106,000 post cards, and the questions were, "Shall the United States enter the war?" and "Shall the United States stay out of war?" It is a clear-cut issue, crystal clear, not involving the lend-lease bill or aid to England and not involving anything that might happen in the future 6 months from now under unpredictable conditions and circumstances. The returns are still coming in. Of the 106,000 postal cards I sent out, probably 6,000 were not delivered because of wrong addresses or because the people may have died or moved away. I assume that 100,000 were delivered to the voters. The poll today shows 20,496 for staying out of war and 2,245 for going in, or a percentage of 90.1 in my district, which amazes me. Here is what one of my largest newspapers says about the poll. It is headed "Representative Fish's Poll," and reads as follows:

REPRESENTATIVE FISH'S POLL

Representative Fish's poll on the issue of peace or war is reportedly the first of its kind yet undertaken. It is important that everyone who receives a post-card questionnaire fill it out and mail without delay.

Much interest has been aroused in the poll throughout the country. It is not doubted that citizens of the Twenty-sixth District are representative of the population of the country generally, and what they decide will be powerfully significant.

That is not the clipping that I intended to read first, but it is all right. The one I had in mind particularly at this time is as follows, from the Newburgh News of June 24, 1941:

ATTACK ON FISH'S POLL

Attack of Orange County Town Meeting on Representative HAMILTON FISH's poll on the issue of peace or war takes the form of a charge that the ballot is "unfair." We would say instead that the attack is unfair.

Colonel Fish has made the issue simple and direct. His critics would make it complex, and bring in qualifications, with the result the poll would be of no merit at all.

That poll only goes to show this, that 90 percent of our people, even in the east, the so-called effete east, are against involvement in European and Asiatic wars. It also goes to show that 10 percent of the people, those who want to involve us in foreign wars, are vocal, vociferous, wealthy, and powerful—very powerful with the eastern press, the radio, and the columnists. This is true to such an extent that people back home are fearful that they, the 90 percent, may be in the minority and possibly they are among certain social and higher-bracket income classes in the district. These groups meet and talk war over the dinner table, and they all think that everybody is for war, because they talk to themselves. The same thing applies, I think, to some of my southern friends,

who tell me in the cloakrooms that everybody in their district is for war. I deny that, and I challenge any southerner to take a poll. If he does, I am sure that he will not find more than one-third of his district for war, and I imagine that out in the West that it will run 20 or 30 to 1 against war.

Mr. KEAN. Mr. Speaker, will the gentleman yield?

Mr. FISH. Yes.

Mr. KEAN. Can the gentleman tell me whether he received any answer from the No. 1 and 2 citizens of Hyde Park, N. Y., in the gentleman's district?

Mr. FISH. I do not know that, but I expect not. I am speaking on the radio at 6:45 on Monday next, eastern standard time, and I expect to give a complete break-down of this poll, and if President Roosevelt or his wife or family have answered, I shall so state. I shall also give the returns from Hyde Park, Tuxedo, Cornwall, Millbrook, Rhinebeck, and my little home district of Garrison, where the war sentiment is centered largely among the bigger taxpayers rather than among the ordinary, plain people who are 9 or 10 to 1 against war, and have a right to be heard. My reason for taking this poll is that the Congress alone must decide this war issue. Everybody knows that we are on the brink of war. We do not have to be told by the Secretary or Undersecretary of War, or the Secretary of the Navy that we are on the brink of war. The people know that we are, but Congress alone must decide this issue, and, therefore, we have a right to find out how our constituents feel and what public opinion is on this greatest of all issues, affecting the destiny of America.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. FISH. Yes.

Mr. O'CONNOR. I say to the gentleman that I have not encountered a single man or married man who is young enough to go to war who wants this country to get into this war. The only people that I hear talking war are either women or old men who are too old to fight.

Mr. FISH. I am glad the gentleman has made that statement. Of course, the gentleman represents a little different district than mine. Many of my constituents have lived abroad, have been educated abroad, and have interests abroad. It is a little different. But I do know that one of my constituents, without mentioning any names, wrote a public letter against this poll and said, "We must not hide behind the skirts of Great Britain." He is from my own home district, and I looked up his record. I was told—and I am going to further check on this—that he had pleaded exemption from the draft because he was married—hiding behind female skirts. Talk about our being cowardly and hiding behind the skirts of Great Britain does not make sense from anyone who wants someone else to go out and fight for him.

Then, again, when I looked around to find out something about those who wanted to take us into war, I found that the leader who made a campaign and raised a lot of money against me,

although he does not live in my district, was a man called Dr. Kingdon, and that he was born in London. He is still the head of the New York chapter to Defend America by Aiding the Allies. I found the same thing about a man in my own district who was head of this same organization locally, and that he was born in Canada. Bishop Manning, who is the head of the Episcopal Church in New York, to which I belong, was born in England, and he is sounding off all the time for war.

When you analyze the background of these fire-eaters and war makers who are breaking forth in print for war you find out their motives. I want the people to know the facts and not to be fooled. I was fooled myself. I thought there was a much greater desire in my district to get us into war. I would not have been surprised if the poll had shown as high as one-third of my district for war, yet when the votes are counted it discloses 9 to 1 among the plain people. After all, we in Congress have the responsibility, and no one else. We in America do not know what an undeclared war is.

If war is to be declared the President must, in an honest, honorable, and American-like way, submit a war resolution to the Congress, where we must have a great national debate and then vote it up or vote it down. If the President would repeat the assurances that he gave before election, that he would keep this country out of war unless attacked and that in case of any cause for war—*causaus belli*—he will submit a war resolution to Congress for its determination, I would stop talking immediately about keeping out of war. I would not make any speeches for the America First Committee or any other organization. If the President accepts that challenge and reiterates his assurances and promises to keep us out of war, and will submit a war resolution in case of a cause for war to the Congress, I am sure all of us would stop taking this issue to the public, in order to have the public know the facts. The people who are trying to get us into war are not so much the President, but this comparatively small group of 10 percent, well represented in the Cabinet, and the worst offenders and fire-eaters are former Republicans, Messrs. Knox, Stimson, and Ickes. Every speech they make is not only warlike, but that we must get into war now.

When this poll began, the first day's poll was 6 to 1 in my district for keeping out of war, but when the polls of Monday, Tuesday, and Wednesday came in, after Germany had gone to war with the Communists, and when the Communists lined up leading the fight for democracy and religion, the vote jumped to 9 to 1, and it has been 9 to 1 every day since.

I want to take this occasion to read a letter. I really do not know much about the gentleman. Being one of my constituents, I suppose he is a 100-percent American, but here is a letter that arrived today. I will read part of it. It is from Goshen, N. Y., dated June 25, 1941:

DEAR SIR: It is my desire to retract, what I said in my recent open letter to you, and I hereby apologize for same. That was written and mailed before I knew about the German action against Russia. This latest development of the war has convinced me that the United States and Britain should mark time in the war effort, strengthening themselves to all possible limits in the interim during which the Nazis and Reds are fighting it out.

Having often said that I would prefer to live in a democracy headed by the vilest specimen of a man than to be the subject of the most virtuous dictator, I do not hesitate now to add that, as between Hitler and Stalin, I should rather a hundredfold be enslaved by Nazi Hitler than by Red Stalin; that our leader should want to give aid to Russia is utterly repugnant and reprehensible and merely indicates their insincerity of purpose in this entire mess.

Earnestly seeking some degree of sincerity in the utterances of the great democratic leaders assuring us that their fight was to save the democratic way of life, this became my hope and belief; being eager for an ultimate settlement, based on equality of opportunity and justice so as to insure a more permanent peace, I ardently espoused this great principle. But sincerity seems to have been transitory and a travesty; I see ardent British supporters patronizing freely those who refuse to help Britain; I see this revolting spectacle of Churchill embracing Stalin, the arch enemy of all democratic tenets; I see our own President enthusiastically going "all out" to aid Russia. It confounds me, and I can only wonder if, after all, England merely wants her control of Empire and her mastery of the seas sustained, which were threatened by the growing strength of Germany, and which Hitler apparently feels he cannot destroy without destroying England herself.

It was signed by Louis Faver.

That is a typical letter that reached me today. If I had my way, I would urge the Congress of the United States to provide free transportation and turn over the steamship *America*, now called the steamship *West Point*, to all American Communists who want to fight for Soviet Russia—who want to fight for the "red" flag, communism, and world revolution. They have been talking that way for 20 years. Now is their opportunity. Let the Congress provide a one-way free transportation and let all the Communists—alien and native-born American Communists who believe in the "red" flag—go over to Soviet Russia and fight there for world revolution. I would do the same for the Nazis, Fascists, and all others who would undermine and destroy our free institutions.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. RICH. We should not only furnish transportation but we should corral them all and send them over there.

Mr. FISH. The gentleman from Pennsylvania always goes one step further than I. I believe the gentleman is right.

Now we propose, without action of Congress, to turn the lend-lease bill into a Lenin-lease bill and send our articles of defense to Soviet Russia in defense of democracy and religion. What a travesty. O Democracy, what crimes are committed in thy name. I wonder where the great Catholic Church will stand when this issue is clear? I wonder whether it will want to help build up

communism, world revolution, and atheism not only in Russia but throughout the world with American money and maybe with American blood.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. FISH. In just 1 minute.

I think Dictator Joseph Stalin has played a dirty trick on Comrades Stimson, Knox, Wickard, and Ickes. Pal Joey, by taking the lead away from these gentlemen and fighting for democracy, has stolen their clothes and thunder. They claim to have been leading the fight for world democracy, but now we have Comrade Stalin as their partner and ally, taking the whole play away from them. I look forward with anticipation to listening to their next speeches and hearing their alibis. I believe the war between the Nazis and the Communists is the greatest event that has happened recently for the benefit of America, because I think the American people will be united and instead of being 6 to 1 for keeping out of the war they will be 10 to 1 and more for keeping out of war.

What American mother, no matter from what district she may come, will want her sons to fight and die in Soviet Russia or anywhere else in the world for the red flag for communism and world revolution? I believe this new war has definitely decided the issue for us, because the American people now will take a stronger stand to keep out of all foreign wars and will see to it that we do not go into this war.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. RICH. Those people who want us to get into this war on the side of Russia want us to get in bed with a rattlesnake and a skunk.

Mr. FISH. I said the gentleman always went me one better. He has gone me two better this time.

I now yield to my colleague from Illinois.

Mr. SABATH. Do I understand the gentleman to feel that we should cease all aid to Great Britain?

Mr. FISH. Certainly not. I am for aid to Great Britain short of war and consistent with our own national defense.

Mr. SABATH. Is the gentleman still in favor of our doing everything possible to aid Great Britain?

Mr. FISH. Yes; I am for carrying out the laws passed by the Congress, and that is the policy of the Congress.

Mr. SABATH. Does not the gentleman feel that what has transpired, what Hitler did in the last few days, has been helpful to Great Britain? The gentleman is a soldier.

Mr. FISH. That is a row between two dictators, as the gentleman from Illinois well knows, between two aggressor nations; and I say a plague on both their houses.

Mr. SABATH. Is the gentleman in favor of helping Hitler, then?

Mr. FISH. I am opposed to helping Hitler at all times, and I am likewise opposed to helping the Communists. Nothing I can think of would be too bad to say against Hitler and nazi-ism, but there is one thing worse than nazi-ism

and that is communism. I am against both.

The idea of talking about bringing the four freedoms to Soviet Russia—freedom of speech, freedom of religion, freedom from fear, and freedom from want—with American blood and American treasure only goes to show we should keep out of this rotten European and Asiatic mess. We may be able to save America. Let me state the issue utterly regardless of partisanship, because this may be my last speech here for a long, long time, for I am going to camp on the 1st of July for 4 weeks' military training. This great issue has nothing whatever to do with partisanship. This issue is far greater than the Republican Party or the Democratic Party, or both parties combined; it transcends all party lines, all social affiliations, all family relationship, and even church connections. It must be decided by one yardstick and one yardstick alone: What is best for America? That is all. This is the greatest single issue with which the country has been confronted since the birth of the Republic affecting the safety, the security, and the destiny of America.

[Here the gavel fell.]

The SPEAKER. The gentleman from New York has consumed 30 minutes.

The question is on agreeing to the resolution.

The resolution was agreed to.

AMENDMENT OF TENNESSEE VALLEY AUTHORITY ACT—CHANGE OF CONFEREES

Mr. ANDREWS. Mr. Speaker, I ask unanimous consent that my name be withdrawn as a conferee on the part of the House on the bill (H. R. 2097), to amend the Tennessee Valley Authority Act, as amended, by striking therefrom subsection (k) of section 4 and substituting therefor a new subsection (k), and that the gentleman from Massachusetts [Mr. CLASON] may be substituted in my place.

The SPEAKER. The gentleman from New York asks unanimous consent that he be excused from further service as a conferee on the part of the House on the bill (H. R. 2097) to amend the Tennessee Valley Authority Act, as amended, by striking therefrom subsection (k) of section 4 and substituting therefor a new subsection (k).

Without objection, it is so ordered.

There was no objection.

The SPEAKER. The Chair appoints the gentleman from Massachusetts [Mr. CLASON] as a conferee on the part of the House on the bill H. R. 2097. The Clerk will notify the Senate of the action of the House.

EXTENDING LIFE AND INCREASING CREDIT RESOURCES OF COMMODITY CREDIT CORPORATION

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 4972) to extend the life and increase the credit resources of the Commodity Credit Corporation, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 4972) to extend the life and increase the credit resources of the Commodity Credit Corporation, and for other purposes, with Mr. LEAVY in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. STEAGALL. Mr. Chairman, this is simply a bill to implement and carry out the mandate of the Congress in legislation already enacted. The Congress has declared by act that loans shall be made on a basis of 85 percent of the parity price of the five basic commodities—cotton, corn, wheat, tobacco, and rice. We have provided in this bill for an additional borrowing power on the part of the Commodity Credit Corporation to an amount of \$1,250,000,000. That is the amount the officials of the corporation estimate that may be required to carry out the law and the responsibilities imposed upon it by the recent act of Congress.

The measure does not provide for any appropriation but simply is an extension of the borrowing power of the Commodity Credit Corporation in order that it may, as need requires, have sufficient funds to meet all anticipated requirements in the fulfillment of the orders of the Congress.

The second section of the bill amends the act providing for an annual appraisal of the assets of the Corporation by providing that the value of the assets shall be determined on the basis of the cost, including not more than 1 year of carrying charges, of such assets to the Corporation, or the average market price of such assets for a period of 12 months ending with March 31 of each year, whichever is less. Under existing law such value is determined on the basis of market price at the time of appraisal.

We have a provision in the bill to the effect that when the Secretary of Agriculture encourages the production of nonbasic commodities, loans or purchases or other operations on such commodities shall be made so as to insure not less than 85 percent of the parity price for such commodities. Where no proper basis for parity-price calculation exists the Secretary shall undertake to make such loans on a basis of what he finds to be the parity comparable with the five basic commodities.

There is further provision that in such cases the Commodity Credit Corporation or the Secretary of Agriculture shall give notice to the producers of commodities that have been encouraged to expand production before withdrawing the benefits of loans upon the basis of 85 percent.

In addition, there is a declaration of policy that the Commodity Credit Corporation in its operations shall undertake to base its action upon all other commodities in accordance with the concept of the 85-percent parity loans. This does not mean that on farm nonbasic commodities there will be a full parity price realized by producers, but insofar as the funds authorized by this bill are concerned, and insofar as such funds are

available, the loans would be made up to 85 percent. There are no benefits and other payments, such as is the case with respect to the five basic commodities.

Commodity loans have been one of the most successful features of the national farm program and commodity loans are the literal foundation stones upon which our present farm program is built.

In order to make clear the importance of just what is undertaken in this bill it is necessary to review very briefly the general farm program which has been enacted by the Congress under the broad provisions of the Soil Conservation and Domestic Allotment Act and the Agricultural Adjustment Act of 1938, and see how the Commodity Credit Corporation and its operations function as a basic support of the national farm program.

As the Congress well understands, we have enacted laws which enable producers of farm crops, such as cotton, wheat, tobacco, corn, rice, and the several minor crops, to cooperate in the adjustment of their production to demands and to improve their soil resources and balance their farming operations generally. We are appropriating some \$500,000,000 each year for soil benefit and conservation payments to supplement the income of farmers and to encourage them in the carrying out of these programs. In addition, parity payments amounting to some two hundred and twelve million are being paid to cooperating farmers.

But it is not enough aid for farmers and the total income of agriculture is still below its normal portion of the national income, and there are times during the harvest season and in period of large crops, due to weather conditions or to the dislocation of markets by war conditions, when farmers are faced with ruinous losses and disastrously low prices. So as a part of the program to increase and maintain the income of the farmer, the Commodity Credit Corporation was set up by Executive order of the President in 1933 to make loans on agricultural products. Subsequent laws have been enacted which make such loans mandatory under certain conditions. These loans have had the effect of placing a bottom under the market during the harvest season and emergency periods. They have protected the farmer against drastic price declines, and in many instances permitted him to carry over his crops into better prices later in the season.

Congress has enacted labor laws which fix minimum wages for most employees of the Nation. We just recently passed laws which will permit industrial plants handling defense contracts to amortize their investments for new construction over a shorter period and in that way we have almost guaranteed them a profit on defense contracts. We have given industry the tariff, we fix minimum freight rates, and so forth, so that the income of practically every segment of our population is governmentally protected in one way or the other by law. But we are just now getting around to assuring something nearer reasonable minimum prices and minimum income for farmers.

The indexes of the Bureau of Agricultural Economics on April 30 showed that general farm prices stood at 110 in rela-

tion to the so-called base period of 1909-14, but the price of things the farmer buys has increased to a ratio of 129. Thus, even with the increase in farm prices and income, farm prices are still 15 percent below a parity with the prices of things the farmer must buy to carry on his business.

The loan provisions which the Congress has included in the agricultural legislation represent an attempt and promise to give the farmer a guarantee of at least a reasonable minimum return for his crop. Even with loans at 85 percent of parity for the major crops, the farmer is still far behind the parade when it comes to equality of income.

Last year the Congress increased the borrowing power of Commodity Credit Corporation by \$500,000,000, and I think those who have studied the matter will agree that this power to lend funds on the 1940 crops literally saved cotton, tobacco, and wheat farmers from disaster in the past year. Last summer crops were going to harvest and the world markets, which normally absorb 40 percent or more of our cotton, 50 percent of our flue-cured and dark-fired tobacco, and from 15 to 20 percent of our wheat crop, were almost completely closed. Farmers could not have sold their crops last fall at any reasonable price save for the fact that the Department of Agriculture, through Commodity Credit Corporation, placed a bottom under the markets by making nonrecourse loans available. The wheat and corn and cotton dammed back by lack of exports flowed into the loan and the income of farmers was maintained. Due to the large accumulation of these products in the loan, however, it took nearly all of the borrowing power to meet the needs of the current year.

Mr. Chairman, this bill will simply enable the Commodity Credit Corporation to continue its functions of stabilizing prices on basic crops and will provide the necessary funds to do the job.

Mr. THOMAS F. FORD. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from California.

Mr. THOMAS F. FORD. May I ask the chairman of the Committee on Banking and Currency if he would object to changing the word "encourage" to "whenever the Secretary of Agriculture shall proclaim that the expansion of"? Let me say why I think that ought to be done. With the word "encourage" in there literally thousands of people may assume that the Agricultural Department is encouraging the expansion of crops of a nonbasic character and, as a result, we will have a tremendous overproduction all over the country. If it is limited to a proclamation by the Secretary of Agriculture, it would improve the bill, in my opinion, and it would make a better and safer proposition.

Mr. STEAGALL. May I say to the gentleman in the first place, this bill is the result of frequent conferences and discussions, and in those discussions the officials of the Department of Agriculture, the Commodity Credit Corporation, and the American Farm Bureau Federa-

tion agreed to the language written in the bill to which the gentleman addressed his remarks.

It cannot be successfully contended that the suggestion made by my distinguished and able friend from California would bring about any substantial change in the provisions of the bill, and I do not understand the gentleman from California has such purpose. I submit that it would be a very different thing between making these loans upon the encouragement of an expanded production on the part of the Secretary of Agriculture and basing it upon a proclamation of such policy by the Secretary of Agriculture.

I do not say that the Secretary of Agriculture would disobey or attempt to thwart or refuse to follow the expressed intention of the Congress, but legislation, as far as it can, should always be clear to make sure what the result will be when it has gone the rounds of administration. If a Secretary desired—and I do not for a moment charge that would be the case—he might write a personal letter to every farmer in the United States urging an expansion of production of any particular commodity, yet this law would not apply, and the provisions of this bill would not apply, unless the Secretary issued a public proclamation in that regard. The whole provision could be avoided by inserting the language requiring a proclamation. It is not difficult to tell what Congress means when we speak of encouraging production. We had an experience of that kind during the other war, and following that war adjustments were made with farmers in connection with certain commodities where expansion of production had been brought about at the instance of the Government. That principle was applied to industrialists, manufacturers, and others. There is no reason why farmers should be called upon to make a sacrifice different from anybody else.

I assume, however, that as to the merits of the provision there is no dispute. May I say further the Commodity Credit Corporation already is undertaking to encourage the production of dairy products, including cheese, dried milk, butter, casein, condensed milk, pork and pork products, poultry products, tomatoes for canning, and different varieties of beans. They understand what is meant by encouraging production, and there is no difficulty whatever in carrying out the will of the Congress as expressed in the language contained in the pending bill. But if we were to change it and predicate the whole procedure upon a condition such as is suggested—that is, the Secretary first issue a formal proclamation—we would create the possibility of defeating the very purpose of that provision of this bill. I do not say that would happen.

Mr. O'CONNOR. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Montana.

Mr. O'CONNOR. The language is "whenever during the existing emergency the Secretary of Agriculture encourages the expansion of production of any commodity." What commodities has the gentleman in mind that would be included in this bill?

Mr. STEAGALL. I have just read a list.

Mr. O'CONNOR. Does the gentleman have the list?

Mr. STEAGALL. They have already encouraged the production of these products.

Mr. O'CONNOR. I would like to know what they are.

Mr. STEAGALL. It also applies to others. I cannot anticipate. They may want to increase the production of soy beans and tung oil, for instance.

Mr. O'CONNOR. What about beef, mutton, and all that sort of thing?

Mr. STEAGALL. Of course, they would be included.

Mr. O'CONNOR. And pork and pork products?

Mr. STEAGALL. Yes; that is included. We have already covered that.

Mr. O'CONNOR. In fact, any food commodity may be included in this bill.

Mr. STEAGALL. Yes.

This is not going to give the farmer a full parity price on nonbasic commodities. It directs the use of funds provided in this bill to the effect that loans made out of such funds shall be on the basis of 85 percent of parity.

May I say in passing that when we restore parity prices to the farmers of this country we still will have a long way to go before we accomplish what would in my judgment be an adequate and fair readjustment of the economic hardships and injustices the farmers of this country underwent during the period of upheaval and disturbance that followed the last war. Many of them increased their production and were unable to obtain prices such as they had been led to expect they would receive.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from California.

Mr. THOMAS F. FORD. The gentleman understands I am not making these remarks for the purpose of opposing the measure in its entirety, but the gentleman will recall, as other members of the committee will also, that we agreed the night before we voted this bill out that "proclamation" was to be used instead of the word "encourages," but somehow or other the word "proclamation" got lost in the shuffle.

Mr. STEAGALL. I may say to the gentleman that I have no such understanding as that of the matter. The matter should have been called to our attention.

Mr. THOMAS F. FORD. I distinctly called attention to it that morning, and my recollection is that other Members were in full agreement with me.

Mr. STEAGALL. It is a matter of record, if it is true, but that is not my understanding, because the whole matter was thrashed out and discussed just as it has been here.

Mr. THOMAS F. FORD. It was thrashed out in executive session.

Mr. STEAGALL. I am sure that nothing like that happened.

Mr. THOMAS F. FORD. It is my definite recollection that the word "encourages" was to be left out and we were to put in "proclamation."

Mr. STEAGALL. I do not believe any member of the committee would remember that, if the gentleman does.

Mr. THOMAS F. FORD. They have talked to me about it.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Missouri.

Mr. COCHRAN. In section 4 you provide that the Secretary shall so use the funds made available under this act or otherwise made available to him, through a commodity loan, purchase, or other operation, and so forth; and the section goes on to provide for 85 percent of the parity price on purchases. Do they purchase from the producers?

Mr. STEAGALL. Yes, they do; not the Commodity Credit Corporation, but they do supply funds to the Surplus Marketing Administration of the Department of Agriculture, and those operations represent a simplification of methods by which supplies may be maintained with the least expense to the Government from the point of view of personnel and other incidentals for the supply of products to Britain.

Mr. COCHRAN. The gentleman does not want to try to make us believe that under these operations they actually go out to the individual farmer and buy from him?

Mr. STEAGALL. I would not attempt to say that in these purchases they would run down to the individual farmer in many instances. They buy on the open market.

Mr. COCHRAN. That is the point I am making, that if they pay 85 percent of parity on purchases, it is not the producer who is getting the 85 percent, it is the man who got the commodity after it left the hands of the producer.

Mr. STEAGALL. That would perhaps happen in some cases.

Mr. COCHRAN. That is what happens and is the whole trouble with the farmer today.

Mr. STEAGALL. I do not know any way to avoid it.

Mr. COCHRAN. The farmer, I insist, does not get the 85 percent of the parity price. Somebody between the farmer and the consumer does get it.

Mr. STEAGALL. The gentleman will understand that in handling nonbasic commodities some of them that are perishable cannot be handled and stored like cotton and wheat. Such transactions have to be handled with a greater degree of risk, they have to be handled more expeditiously, and they are handled under disadvantages as compared to the basic crops.

Mr. COCHRAN. That is exactly what I do know, and that is the reason I say that when you use the word "purchase" in this bill and say that it is going to be beneficial to the producer, that language is misleading.

Mr. STEAGALL. There is no way to avoid the natural laws of trade and commerce. The final price for any product will, of course, be reflected all down the line to some extent. Whether it goes as far as it should is another matter; I cannot say. We have this question of the middleman everywhere.

Mr. COCHRAN. If the gentleman will read the statement of the gentleman from Missouri [Mr. CANNON] when we considered the conference report on the Department of Agriculture appropriation bill, he will find that the gentleman from Missouri certainly did not agree with the language just expressed by the gentleman from Alabama, that the producer benefited.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Tennessee.

Mr. GORE. If the gentleman from Missouri will read down a little further, he will find that the Secretary is directed to use the funds in such a way as to "support the price for the producers."

Mr. COCHRAN. I do not see how he is going to do it.

Mr. GORE. The gentleman was complaining about the act in the beginning, and now he is complaining about whether or not the Secretary is going to do it.

Mr. COCHRAN. I was referring to one paragraph of the act. I do not see how he is going to do it. I believe the whole thing is misleading in that it implies that the producer eventually will get 85 percent of parity of what the Commodity Credit Corporation will purchase. Of course, he will get 85 percent on loans, but not on purchases. That, at least, is my view.

Mr. STEAGALL. Mr. Chairman, I reserve the balance of my time.

Mr. WOLCOTT. Mr. Chairman, I yield 2 minutes to the gentleman from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. Chairman, I take this time at the opening of the discussion on this bill, which is ostensibly for the aid of agriculture, to express my regret at the decision announced by the majority leader earlier today for the postponement of the consideration of the so-called May bill. At this peak of the farm-labor season it seems to me highly unfortunate that we should continue the uncertainty that exists for every boy beyond 28, who wonders whether or not he is going to be called into service under the Selective Service Act on the 1st of July, and for those under that age, who wonder whether or not the number may be shoved down to them. Not only farm jobs but all jobs are affected.

I am also disappointed in the decision to postpone the consideration of the May bill because of the parliamentary situation in which the conferees on the War Department appropriations bill will find themselves. We are told that the other body has stricken from that bill two amendments that were adopted by the House, the so-called Case and Pace amendments, that seek to give some power to the National Defense Mediation Board to deal with strikes in defense plants. If we recede and concur and then the May bill fails to carry any provisions dealing with the stoppage of work, we are back where we started.

Those same amendments are on the deficiency bill that was passed by the House yesterday. Almost everyone realizes that those two amendments were the first positive action taken by the

House with respect to stoppages of work affecting the national-defense program. Now the conferees may find themselves euchered out of position, for nobody can tell what is going to happen when the May bill does come up for consideration. It may pass and it may not.

I protest the program as announced because I believe the House should complete action on the 28-year section of the May bill before July 1, when many boys are due to go, and we should act on the stoppage-of-work provisions before the appropriation bills are completed for the end of the fiscal year, June 30.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 15 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, we are now about to prove to the world that "government can be superior to economic forces." It is a marvelous thing that we have performed if, in the end, it succeeds. But we are traveling on this road at so fast a pace that we cannot turn back. We cannot stop the program; and I would call this bill, if I might emphasize or stigmatize it, a subsidy for all farmers, not only for wheat, cotton, and tobacco, but so that everybody interested in the farmer can now get his finger in the pie. Here is the chance. Here is a bill where every prospect pleases and only the ink is red. We have continued on these subsidizing joy rides for some time and, hence, of course, cannot stop this particular legislation.

I shall enjoy myself for a few minutes in generalizations on the roads which we have traveled. We have been swindling posterity for a long time, but, to quote a good old Democrat, speaking on the floor of this House sometime ago, "What of it? What has posterity ever done for us?"

Little by little, starting in with \$3,000,000 capitalization, see how the Commodity Credit Corporation baby has grown. Last year it received an extra \$500,000,000. This year an additional \$1,000,000,000, and, if you will pardon the expression, like all nondefense appropriations it has been made to smell very strongly of gunpowder.

Mr. MURRAY. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. Yes; that is what I am here for.

Mr. MURRAY. I hesitate to question such a distinguished colleague, but, as I remember it, the gentleman voted for the \$7,000,000,000 lend-lease bill.

Mr. GIFFORD. Yes; all defense measures.

Mr. MURRAY. Does the gentleman realize that this increase he just speaks of is nothing more than a guaranty to the farmers of this country whom the Government has asked to increase their production?

Mr. GIFFORD. I know what this bill is.

Mr. MURRAY. The gentleman would not want to be in the position of saying to the farmers of this country they should not have 85 percent of parity on what they produce to feed the world and then appropriate \$7,000,000,000 to send across the water.

Mr. GIFFORD. I will answer the question. Everybody votes for defense measures. I am talking about swindling posterity in the \$59,000,000,000 spent during the last 7 years before defense came before us, of which one-half was called recovery and relief. However, I have spoken about this so many times that there is little use of going over it again. But I repeat, it was swindling posterity.

Now, as to the farmer. I have been a farmer and I have, in all probability, milked as many cows as the gentleman from Wisconsin has. I am most sympathetic toward farmers. I am also sympathetic toward my fishermen. I wish to be sympathetic with all classes of citizens in addition to the farmers—the citizens who pay the bills and who are watching this proceeding.

You rise here and say that you have done much for labor. You see to it that labor gets its price per hour and you set up all kinds of boards for it, but you have done nothing to guarantee the individual laborer work or to keep him producing. You have no "ever-normal granary" for manufactured goods. You have never thought of a scheme by which you could allocate money to keep an ever-normal granary of manufactured goods.

You have set up boards whereby you can make the employer pay a higher rate for the few hours one does work and you may claim that you have done a lot of things for other classes of citizens, but it is nothing in comparison with what you have done for the farmer.

I have been here nearly 20 years and I had my baptism in tears for the farmer when first I came. I voted for many measures to help him, and I am not sorry that I did it. I am very glad to grant him help, of course, but not for the experiment presented today. You have formerly taken in cotton, corn, tobacco, and wheat, but you are taking in all products of agriculture today. It was testified in committee that even the dairy farmer has really been well treated, and perhaps more so than others, on the whole. Many of you deny that.

We are now watching the business index go way up beyond that of 1929. But we must not reduce any relief expenditures. I read the W. P. A. debate most carefully. You now have crops in the West such as you have not had for 7 years. You have people being called for defense work, but you objected to the reduction of a dollar in the W. P. A. appropriation. I suppose I should not blame you—get it if you can. My own State ought now to be able to take care of its needy. It is a wealthy State and it could take care of its own. But, of course, it will not, and our wealthy towns will not as long as the W. P. A. will give it to them. This administration wants to garner these votes. There is little sense in giving wealthy communities W. P. A. money. We know it. Everybody knows it. If in Wisconsin and other places, where they may show that their State is unable to care for their needy because they are allowed only their percentage of the W. P. A. fund, it proves itself to be an unjust distribution. What an indictment. The needy should

be taken care of, and States unable to do so should properly receive assistance from the Federal Government; but for the sake of a few votes, why give to wealthy communities, which could well take care of their own? This method merits severe condemnation. My voice has been raised persistently on the floor against this. I have appeared before the Committee on Appropriations against it. But these votes are seemingly important. Today statistics will be tortured in order to bring about a preconceived and a pre-desired result. I warn you to pay careful attention. Today we will be told that the Commodity Credit Corporation has lost only \$67,000,000. Beware of that statement. That is in reference only to the goods that they have taken and sold, fully wiping out the transaction. They will tell you little about the nine to twelve million bales of cotton that have been stored, much of it since 1934, which is still owned by the Government. Of course, there will be a tremendous loss, because every year the storage and other costs are added. In 1939 it is reported that only 25,000 bales were taken over. That is statistics for you. What happened to all that cotton? They could not sell it. It was stored, and the market price was held up by loans guaranteed by the Government. Money was loaned on this cotton by private banks, and the loans guaranteed by the Corporation. In March of each year the Treasury has to find out the true condition of assets and liabilities of the Commodity Credit Corporation. The market value of cotton is about 12½ cents, although it is stored and cannot be sold at a price perhaps not more than 5 cents.

The Government fixes the market price by the loan it will make upon it. It has worked very well with corn and many other products which could perhaps be sold a little later. The Government is coming to the rescue and putting a price ceiling on it by the way of a loan, and that is the so-called market value. It is indeed a fictitious market price when for years held in storage and impossible to sell at almost any price. This cotton proposition, as the gentleman from Missouri [Mr. WILLIAMS] brought out in the hearings, has brought about a condition such that we buy much foreign cotton for use in our own country. It is because we can buy the foreign cotton cheaper than the domestic cotton at its fictitious price caused by Government loans. What a happy thing that is for Brazil and Bolivia and other places where they can now raise cotton and sell it cheaper to us while we keep our own cotton in storage. There is only a loss of \$67,000,000, it is declared. Will you believe it? How convenient statistics are. The truth hurts. So would you if you were stretched so much. Now, these statements are largely generalities, but they remind us of the road we are traveling. We have put the Government back of everything. I have been here for many years. Twenty years ago one would not have thought of doing any of these things. The Democratic Party stood squarely for the policy of "no subsidy." I repeat that now that party believes in nothing but subsidy. The Government guarantees about every-

thing, and some of us are truly frightened. I was really frightened at the expenditure of the \$59,000,000,000, one-half for relief experiments for recovery and relief.

Mr. PIERCE rose.

Mr. GIFFORD. Oh, I see the gentleman from Oregon rises. Please do not ask me whether I am in sympathy with the poor farmer. I am in sympathy with him, of course.

Mr. PIERCE. Will the gentleman turn back to 1932?

Mr. GIFFORD. I will turn back to 1932 surely, but I want 20 minutes to portray that picture, and the gentleman would not like the portrait.

Mr. PIERCE. Has not what we have done for the farmer been the basis of the prosperity for all today that we enjoy?

Mr. GIFFORD. Talk about 1932 and what Hoover did for the farmers when he lost some \$300,000,000. It is a \$500,000,000 gift for soil conservation every year now; parity, \$212,000,000. You take away the money that we get from the tariff and subsidize agricultural exports. That is cold cash that is handed out. It is not a pretty picture.

Mr. THOMAS F. FORD. Will my genial friend yield to me?

Mr. GIFFORD. Yes; I yield.

Mr. THOMAS F. FORD. When we give a contract for a number of ships or a number of airplanes or a number of other products that are essential to national defense, do we not say to the man who takes the order, "We will guarantee you a fixed fee for that operation"? And is he not guaranteed his profit over the cost of production?

Mr. GIFFORD. In some cases. We tried to grant a subsidy 20 years ago for shipping. Your side would have none of it. Read those speeches of 20 years ago and learn from your former Democratic leaders. But you have adopted that theory of the old Democrat who said, "What has posterity done for us?"

Mr. THOMAS F. FORD. But my friend will admit that as a fair basis of argument, if you will do that for one class of people, there is no reason why you should not do it for another.

Mr. GIFFORD. That is what I am talking about today. Everybody who works—all classes of people should have parity and will probably demand it. It is a magic word. If we give it to the farmer, why not all other classes?

Mr. GILCHRIST. Will my genial teacher and friend answer as to whether he knows what the price of cotton is today and whether it has reached parity?

Mr. GIFFORD. They claim that 12½ cents reaches parity, but that which has been stored for 6 years I do not think they can get parity or more than 5 cents a pound.

Mr. GILCHRIST. If my good friend would read the papers, as I did last night, he would discover that cotton now is above parity.

Mr. GIFFORD. Yes. I know that. I just explained it. It is because the Government fixes the loan price, and it is kept in storage and not allowed to be placed on the market. Release a little of it and watch the toboggan.

Mr. GILCHRIST. Now, is it not true that cotton is above the storage price this afternoon at 2 o'clock?

Mr. GIFFORD. Absolutely, because the Government will not allow vast quantities to be sold at all until this price will be paid.

Mr. GILCHRIST. And is it not also true that if the Government had not done that, then the speculator would have made the difference between what the poor devil of a farmer would have had to take for it and what it would be today?

Mr. GIFFORD. I am very sympathetic with the farmer.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GIFFORD. Mr. Chairman, I yield myself 2 additional minutes.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. O'CONNOR. I want to call the gentleman's attention to this fact: Alexander Hamilton said at the time that the first tariff bill was introduced, that if we were going to protect the manufacturers we had to pay a bounty to the American farmer as restitution, to make him on an even basis with the manufacturer. What we are doing today when we vote these parity payments is to try to put the American farmer on a basis of equality with your manufacturers.

Mr. GIFFORD. Yes; but half of my manufacturers have gone out of business entirely. The Government did not pay cash bounties to them.

Mr. HOFFMAN. Will the gentleman yield?

Mr. GIFFORD. Yes; I yield to the gentleman.

Mr. HOFFMAN. We remember what good service you rendered your district up there in the northeast when you got us to buy all those elm trees.

Mr. GIFFORD. That was not in my district.

Mr. HOFFMAN. And all those fish. They were in your district.

Mr. GIFFORD. Just think of it! Once during all these years have I stooped to ask for a few thousand dollars. I plead guilty and perhaps I ought to be ashamed of it.

Mr. HOFFMAN. No. You should be proud that you did.

Mr. GIFFORD. I do hope my fishermen were helped even although so little.

I want to put in the RECORD a sentence that little Tommy gave when he was asked by his teacher to make a sentence using all the letters in the alphabet:

New Deal quackery and extravagance have piled a fearful debt upon junior citizens, including myself.

We should plead for the young people. Seemingly they are beginning to realize what we are doing to them. We are trying so hard in the Congress to give equal distribution of unequal earnings, and our job seems to be to find somebody who is earning something and producing, and take it away from him and give it to somebody who is not. It is not an entirely happy assignment. I had hoped to stir your interest to debate this present bill with some real interest in the general subject of Government subsidies.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I yield 10 minutes to the gentleman from Georgia [Mr. BROWN].

Mr. BROWN of Georgia. Mr. Chairman, the purpose of H. R. 4972, the bill now under consideration, is to continue Commodity Credit Corporation as a lending agency on agricultural products, to maintain its capital unimpaired, and to increase its borrowing power so that it may continue to be an effective agency of the Government. If the operations of Commodity Credit Corporation are extended for a reasonable period, the farmers will have a measure of continued protection now afforded industry and labor in existing legislation such as tariffs, franchises, freight rates, collective bargaining power, maximum wages, and minimum hours and the like. Farmers need and must have similar assistance. This can only be achieved by extending the life and increasing the borrowing power of Commodity Credit Corporation.

The effect of the naval blockades as a result of the wars abroad have virtually closed most world markets to American farm products. This has not been true for industrial products of this Nation chiefly because of preferences given in both purchasing and shipping. Factories are running at top speed and employment is on the increase and at somewhat higher wages. Exports of nonagricultural products during the period from September to February 1941 were 63 percent larger than during the same period in 1938 and 1939. On the other hand, notwithstanding the fact that large acreage reductions have been made in such major crops as cotton, tobacco, wheat, and corn, surpluses continue to accumulate with the result that prices of these products remain depressed. The loss of the export markets has this effect. Exports of agricultural products during the period from September to February 1941 were 62 percent smaller than during the same period in 1938-39.

These huge economic losses are first imposed upon the 23 percent of the population of this Nation that live on farms. These same families have 31 percent of the children of the Nation, yet they are receiving only 11 percent of the national income. Obviously, if farm children are to have the same opportunities in this country as children living in small towns and cities, farm income must be protected and must be increased.

During the last session of Congress, the borrowing power of Commodity Credit Corporation was increased from \$900,000,000 to \$1,400,000,000 or \$500,000,000. This bill seeks to increase the borrowing power of Commodity Credit Corporation to \$2,650,000,000, an increase of \$1,250,000,000.

Parity is the price farm commodities must bring if the farmers' buying power is to be equal of that prevailing from 1909 to 1914. If the farmer can borrow 85 percent on the basic commodities, this will give a loan rate of a little over 13½ cents per pound for cotton, 71 cents a bushel for corn, 97 cents a bushel for wheat, 89 cents a bushel for rice, and 20 cents a pound for tobacco. The price

of the products of the farmer, while fluctuating, has tended down in the last few years, and there has been a great relative increase in the cost of things he buys. We all realize, or should realize, that parity must be the goal of the farmer. Of course, we may differ in the exact method of achieving parity. The loan amount from the Commodity Credit Corporation on cotton has been increased from 56 percent to 85 percent of parity, and the benefit from soil conservation and the regular parity payment added to the 85 percent will give the farmer practically 16 cents a pound for his cotton.

Financial panic rarely comes when agricultural interests are prosperous.

COTTON LOANS

I desire to call attention to Commodity Credit Corporation's operations in respect to cotton since 1933. Loans to farmers have been made on 19,944,000 bales of cotton against which \$1,042,000,000 has been advanced, while of this amount \$100,000,000 was loaned farmers on nearly 2,000,000 bales of 1933 crop cotton at 10 cents per pound. This cotton has been repossessed by farmers without cost to the Government and has been sold at a profit.

Loans were made on 4,632,000 bales of 1934 crop cotton, of which there still remains a million three hundred and forty-eight thousand bales, the remainder having been repossessed by producers. Title to the remaining 1934 crop cotton remaining under loan was taken by the Government in 1939 in order to have stocks to meet the treaty with the British Government requiring the exchange of cotton for rubber.

The Government also owns 4,778,000 bales of 1937 crop cotton that was required at approximately the same time and for approximately the same purpose. The amount of the original advance plus all accumulated carrying charges against this cotton amounts to 15.35 cents per pound in the case of 1934 crop cotton and 10.75 cents per pound for 1937 crop cotton. This compares with the average price of 14.2 cents per pound prevailing throughout the Cotton Belt.

Loans were made on 4,482,000 bales of 1938 crop cotton at 8.4 cents per pound. All of this cotton, with the exception of 1,336,000 bales, has been repossessed by the farmers and sold at a profit without cost to the Government and at present this reserve stock is being reduced by more than 100,000 bales per week.

For the years 1935, 1936, and 1939 few, if any, loans were made and only 13,500 bales of cotton remains under loan for these 3 years and this amount is being reduced rapidly by farmer withdrawals.

During the current season loans were made on 3,200,000 bales of cotton at the rate of 9.3 cents per pound against which \$153,000,000 were advanced. Of this amount less than 600,000 bales remains under loan, the remainder having been repossessed by farmers without cost to the Government. This stock is also being reduced by approximately 100,000 bales per week.

In summary, I wish to emphasize that while Commodity Credit Corporation's operations with respect to cotton have

been large, involving advances of more than \$1,000,000,000, which is equal to approximately 50 percent of all advances made by Commodity Credit Corporation, the loan record on cotton, considering the unfavorable circumstances existing on cotton exports during the past 7 years, is a record of which we all feel justly proud.

If the Government-owned and Government-loan cotton could be sold today at present prices the Government would not only not lose but the transaction would show a profit.

I think this agency has done more to stabilize prices and assist the farmer than all other agencies combined.

The amount of loans now outstanding on cotton is approximately \$145,000,000.

The book value of the Government-owned cotton amounts to approximately \$360,000,000.

The total amount of loans on other basic and a few nonbasic commodities is approximately \$330,000,000.

The book value of other Government-owned basic commodities is approximately \$300,000,000.

The Secretary of Agriculture recently found it necessary to encourage farmers to increase the production of certain food crops in order to obtain additional supplies for Great Britain during this present emergency. In order to meet this need section 4 is included in the bill for the purpose and intent of assuring such farmers that the Department of Agriculture will undertake to provide, through loan and purchase programs, a fair price for such commodities.

The Corporation's general commodities purchase program commits \$90,000,000 for the purchase and resale of evaporated milk, dry skim milk, cheese, butter, eggs, pork and pork products, lard, dried fruits, dry edible beans, corn and wheat products, and other agricultural and food products and concentrates. Products handled under the program are urgently needed to meet export requirements of the Red Cross and of certain foreign countries. The program is designed to stabilize prices for the commodities involved and to mitigate the impact on American agricultural economy of emergency purchases in quantity which are necessarily made without regard to the period of processing, the location of surplus stocks, or the seasonal period of production and marketing; while at the same time utilizing these prospective outlets for agricultural and food products and concentrates, and thereby giving relief from agricultural surpluses and maximum benefit to American farmers.

LOANS ON VARIOUS OTHER COMMODITIES

Corn

Loans have been made to farmers on corn stored on farms each year beginning with the 1933 crop. Approximately 270,000,000 bushels of the 1933 crop were placed under loan at 45 cents per bushel, aggregating slightly in excess of \$121,000,000; 20,075,000 bushels of the 1934 crop were placed under loan at 55 cents per bushel, aggregating approximately \$11,000,000; 30,966,000 bushels of the 1935 crop were placed under loan at 45 cents per bushel, aggregating approximately

\$14,000,000; only a small number of bushels of the 1936 crop were placed under loan at 55 cents per bushel, aggregating approximately \$46,000; approximately 43,000,000 bushels of 1937 corn were placed under loan at 50 cents per bushel, aggregating approximately \$23,000,000; 229,839,000 bushels of 1938 corn were placed under loan at 57 cents, aggregating approximately \$131,000,000; approximately 302,000,000 bushels of 1939 corn were placed under loan at 57 cents per bushel, aggregating approximately \$172,000,000; approximately 100,000,000 bushels of 1940 corn have been placed under loan at 61 cents per bushel, aggregating approximately \$61,000,000. Accordingly, a total of approximately 905,000,000 bushels of corn have been placed under loan at an aggregate value of approximately \$475,000,000. Of the total bushels placed under loan approximately 250,000,000 bushels have been delivered to the Commodity Credit Corporation in satisfaction of loans, the balance having been redeemed by producers. The Corporation owns at the present time approximately 200,000,000 bushels of corn which is available for increased productions of livestock and poultry products in connection with national defense.

Wheat

Approximately 86,000,000 bushels of the 1938 crop of wheat were placed under loan, aggregating approximately \$50,000,000; of the 1939 crop, approximately 168,000,000 bushels were placed under loan aggregating approximately \$118,000,000; 272,192,000 bushels of 1940 wheat were placed under loan aggregating approximately \$197,000,000. Practically all of the wheat of the 1938 and 1939 crops was redeemed by producers and approximately 175,000,000 bushels of the 1940 crop have been turned over to the Commodity Credit Corporation in satisfaction of loans and placed in a producers' pool. Any proceeds from the sale of this wheat in excess of the amount loaned plus charges will be prorated to the producers. The loan program for 1941 has just been placed in operation. It is estimated that 300,000,000 bushels will be placed under loan at an average loan value of 98 cents per bushel with an aggregate loan value of approximately \$295,000,000.

Naval stores

Loans have been made to farmers on rosin and turpentine through the American Turpentine Farmers Association Cooperative for several years. Normally between 50 and 60 percent of the United States production of rosin and a considerable part of the production of turpentine is exported. For several years the export demand has been poor and since the outbreak of war exports have been sharply curtailed. The situation has been met by conservation and loan programs. Under the former, wasteful exploitive methods such as the working of immature trees have been discouraged. In 1939 loans of approximately \$9,000,000 were made on over 6,000,000 gallons of turpentine and 670,000 barrels of rosin. In 1940 loans totaling nearly \$7,000,000 were made on approximately 3,000,000 gallons of turpentine and 527,000 barrels

of rosin. Due to improved demand for turpentine, releases of loan stocks have been large and prices have been strong. Some recent improvement has been shown in the rosin situation but stocks are still burdensome and prices are weak.

Tobacco

Unrestricted production and marketing led to the record crop of flue-cured tobacco in the fall of 1939 when export sales practically stopped because of the outbreak of war. The situation was met by the adoption by growers of marketing quota programs and the making of loans by the Commodity Credit Corporation. Similar but less acute situations have led to the adoption of marketing quota and loan programs for dark tobaccos and burley tobacco. Under the 1939 flue-cured program nearly \$37,000,000 were advanced on 174,000,000 pounds of tobacco. This tobacco is now being shipped to Great Britain. Under the 1940 program over \$42,000,000 were advanced on approximately 200,000,000 pounds of flue-cured tobacco. Advances of approximately \$4,750,000 were made with respect to 43,500,000 pounds of dark tobacco and advances of \$4,250,000 were made with respect to 23,400,000 pounds of burley tobacco. The 3-year marketing quota programs now in effect on these tobaccos are expected to improve the situation fundamentally.

Until the war is over, however, exports will be small and uncertain and growers will need the protection of loan programs. The accumulation of stocks under loan programs should go far toward meeting the large export demand that is anticipated as soon as the war is over. Stocks in foreign consuming countries are being depleted and unless reserve supplies are available in the United States at the conclusion of the war, shortages and inordinately high prices will occur with the result that production will be stimulated in foreign countries.

Prunes and raisins

Unusually bountiful crops of these commodities in the face of large carryovers made necessary loans of approximately \$15,000,000 on approximately 304,000 tons of prunes and raisins during the last 3 years. With normal exports sharply curtailed, loans on the current crop of both products will be necessary to the extent of approximately \$10,000,000 on a proportionate share of the production. These loans for 1940 were made through the Prune and Raisin Prorate Associations, respectively, which operate directly under the State department of agriculture under the California prorate act; and provide some measure of curtailment in production and improvement in grading standards.

Peanuts

During the past 4 years loans aggregating \$15,000,000 on approximately 250,000 tons of peanuts have been made under the peanut surplus removal programs of the Department. The production during 1940 reached an all time high but under a recent act, providing for production quotas, the crop available for the so-called edible trade for the current year may be somewhat smaller. In view

of this, and certain arrangements existing between the several peanut associations and commercial banks, it is not unlikely that approximately 3 to 5 million dollars will provide sufficient funds during the current year for loans on peanuts.

I should be glad to see every Member of the House vote for this bill because it is fair, just, and right.

Mr. WILLIAMS. Mr. Chairman, may I inquire how the time stands?

The CHAIRMAN. The gentleman from Missouri has 29 minutes remaining, the gentleman from Michigan has 41.

Mr. CRAWFORD. Mr. Chairman, I yield 5 minutes to the gentlewoman from Illinois [Miss SUMNER].

Miss SUMNER of Illinois. Mr. Chairman, there seems to be relatively little opposition to this bill, but there is apparently vociferous opposition, as usual, to the idea of giving Government subsidies to farmers. They charge that Government subsidies are unjust to taxpayers.

To a certain extent this may be true, since a taxpayer, particularly a high taxpayer, consumes little if any more food than a person who pays no taxes. It may also be true that many farmers, when they receive these payments, imagine that they are sharing in political graft.

As I see the farm parity checks, however, they are a form of economic appeasement. There are today laws upon our statute books, affecting other forms of industry, which thwart the natural working of economic principles. The farm subsidies we pay farmers are only a part of the income which would come to them under the eternal principles of supply and demand had we not through legislation enabled other persons to take the money that would otherwise go to the producers of the materials which we eat and wear.

I believe, moreover, that all of us who represent the multitude of small towns that dot this Nation like raisins in a fruit cake should want farmers to receive a fair income. We know how a little outside money coming into a small town annually from a factory or industry there will cause that little town to flourish. Farm income is the chief source from which most of our little towns in the South, West, and Midwest obtain outside money.

It has always seemed a pity to me that no statesman has risen to leadership who could see the wonderful future for this country if by encouraging the prosperity of small towns we were to encourage people to leave the slum filled cities and live in pleasant little towns in rural areas.

Today, however, with cost of production on the farm eating increasing amounts of gross income, the farm income is slipping, our little towns are slipping. Again as in 1928 the hope is held out that we can build an enduring prosperity with the cities hitched to an increasingly higher standard of income and the rural populations hitched to an increasingly lower one. It is regrettable that leaders from the eastern cities are internationalists on foreign policies and economic isolationists against the hinterlands of their own country.

This time we cannot say, as was said in 1929 that we did not know what the tragic result would be. Some of the statements and opinions given by the Government experts before our committee sound a significant warning.

Says Dr. Robbins, head of the Commodity Credit Corporation:

While agriculture has 23 percent of the Nation's total population and is rearing approximately 31 percent of the Nation's children, yet it receives only 11 percent of the total national income.

The Government experts submitted a table which every citizen would do well to study. It shows that, while nonagricultural income has risen steadily from \$23,562,000,000 in the 1910-14 period to \$67,559,000,000 in 1940, agricultural income has remained almost constant, rising in that period only from \$5,210,000,000 to \$6,738,000,000 in 1940—and that last figure includes Government payments to farmers. In other words, agriculture's share of the total national income has gradually fallen in 30 years from 18.1 percent to 9.1 percent.

Another table, submitted by the experts, shows national income from 1929 to 1939 so as to indicate the amount of income received by various types of business. And what type of business do you think has prospered best in that period? Government. Government income, exclusive of relief, has risen from \$6,330,000,000 in 1929 to \$8,042,000,000 in 1939—which, of course, was before the politician's paradise which began with the defense spending. It is a strange and dangerous experiment your country is attempting, without precedent for success. For what nation ever hoped to endure with a failing agriculture and the business of politicians thriving with a rise in 10 years of from 7.6 percent to 11.6 percent as its share of the national income?

It was testified by the experts that while the average wage of the industrial worker is \$688 per year, the average income of the agricultural worker, including Government payments, is \$288.

One reason for this inequality at present is, of course, the war situation. American agriculture, according to Dr. Robbins, is geared to supply the American market and part of the foreign market, lost at present.

The inequality, however, exists in peacetimes. The president of the farm bureau submitted a table showing wages for carpenters, masons, and other workers. If they were reduced to parity with agricultural labor the worker who averages \$58 per week would be making \$38 per week. Even in peacetimes, according to Dr. Robbins, plenty of agricultural workers in America subsist on 18 cents per day.

You often hear it said that increased industrial activity will raise the farm income. The head of the farm bureau denies this. He quoted a United States Department of Agriculture study to show that the total per capita food consumption has not varied 10 percent, good times and bad, in the past 30 years. He also submitted a table showing the way prices of things the farmer has to buy have skyrocketed. A glance at those

figures will show you one reason why the farmer is not making cost of production.

Articles in the Washington newspapers day after day vociferously insist that rise in farm prices of 10 percent will cause increase of 10 percent in cost of food to the consumer. But, according to the Government experts who testified before the committee of which I am a member, this is not necessarily so. Says Dr. Robbins:

The farm gets only 1¼ cents out of the price you pay for a large loaf of bread. The man who wraps it up and makes the change probably gets more out of it.

Why, then, is the sweat of the farmer plowing wheat in the sun less valuable than that of the man who ties string around a package of bread?

The head of the Commodity Credit Corporation answers that by saying:

In order to reduce industrial prices and wages to parity with agriculture it would be necessary to revise the legislation which has enabled other commodities to rise to artificial heights—quotas, tariffs, franchises, patents, collective-bargaining laws and minimum-wage laws. Attempts to lower industrial prices in that manner would upset contractual relationships and start a downward price spiral which we call depression. The next best thing to do is to make an attempt to raise agricultural prices.

Government subsidies, then, are the method the Government has adopted to appease the farmer for not getting income which Government legislation has diverted to other citizens.

We could, of course, say to the farmer:

You will never again acquire a net income comparable with other businesses unless, like them, you organize, threaten strikes and lock-outs, threaten not to produce any food or material for clothing, acquire political influence, make contributions to political campaigns, and vote for the political candidates who promise you whatever legislation you want.

Who questions that, if farmers were to organize for collective bargaining and threaten a general strike in food and commodity production, the public would accede to their demand for parity income?

I asked a farmer in my district who, 2 or 3 years ago, shut down his dairy because milk checks did not pay cost of upkeep, why, now that there is to be a milk shortage, he does not open his barn again and drive his own milk to the city consumer. "They would shoot my truck drivers on the highway," he answered.

The farmers have not objected much that we appropriated money to fight Hitlerism abroad. We must not force them to become economic slaves to Hitlerism in America.

The farmers and the little businesses in small towns which are so directly dependent upon farm income have, so far, shown an almost bovine patience. They have hoped that eventually we should remember that the fundamental purpose of the Federal Constitution is to guarantee justice to every person and every group of persons, rich or poor, whether or not they mix in politics.

Mr. STEAGALL. Mr. Chairman, I yield such time as he may desire to the

gentleman from Pennsylvania [Mr. SACKS].

Mr. SACKS. Mr. Chairman, I ask unanimous consent to proceed cut of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania [Mr. SACKS]?

There was no objection.

Mr. SACKS. Mr. Chairman, regardless of political considerations and party affiliations, the House of Representatives is a body composed of men and women who, above all, are Americans.

And that description carries with it the assumption that, as Americans, we all believe in truth, freedom of conscience, and equal justice—principles upon which this Nation was founded.

I was, therefore, shocked beyond words when not so long ago assertions were made affecting individuals in my district and in my city of Philadelphia. Within the confines of our CONGRESSIONAL RECORD remarks were made, the nature of which, in effect, strike at the very fundamentals of our Government. I may say that this is not the first time that the ugly issue of racial and religious bigotry has been injected in recent months into the proceedings of this body.

I feel that the time is past when vague, unsupported charges and misleading innuendo can be permitted to emanate from this floor unchallenged.

After all, this is the Congress of the United States, the Hall of a deliberative and legislative body representative of the people of this Republic—one of the few remaining free parliaments in the world, whose Members can, without duress carry out the purposes, duties, and functions which they were created under our Constitution to perform.

If we are to permit on this floor remarks unbecoming the dignity of our position in the councils of nations—if we are to permit the RECORD of our proceedings to degenerate into an organ for the dissemination of scurrility and defamation—then I say—even apart from more serious implications of the specific incidents which I call to your attention today—I say out standard of conduct reflects poorly upon the intelligence and character of the self-governing people who have honored us by election to this Congress.

Furthermore, the practice raises the question of abuse of the long-standing privilege of extension of remarks in the CONGRESSIONAL RECORD which we now mutually enjoy by reason of unanimous consent. At a critical hour in history, under the pressure of soul-stirring events from which statesmen are struggling to rescue the remnants of our civilization, it is hardly a contribution to the welfare of the United States to adopt the methods which have caused the downfall of other nations.

In the heat of debate, with grave issues involved, it is conceivable that men, under stress of emotion, may say things which they later regret. But in extended remarks, prepared and written in advance for printing in the RECORD with full deliberation, knowledge, and responsibility for his acts there is no excuse for

any Member of Congress to sponsor material of un-American nature.

In allowing such a practice, the membership of this House not only stultifies itself but, what is even worse and more important, we make ourselves the pawns and dupes of an alien-fostered plot to create disunity, distrust, and division in our own ranks.

It has been conclusively demonstrated in nearly a dozen instances and needs no elaboration here that physical invasion of each country so far conquered by the despoiling hordes of Hitlerism was preceded by a propaganda attack—an attack, mind you, of an exact pattern of that being followed by certain people in America today.

Divide and rule has ever been the motto of conquerors, and today's tyrant has adapted it to his own foreign purpose.

The diversity of its people is a source of America's strength. We must guard against its misuse by others as a weapon to be turned against us. We are the product of many races and many creeds sprung from forebears who came from distant lands to this haven of liberty to establish a community whose essential keynote is brotherhood. Under democracy and civil liberties, men and women of every religion, race, and nationality in the United States have learned to live together in peace, order, and mutual respect.

If this internal harmony is shattered, if this public order is upset—if group is set against group—then America also would be headed for destruction.

Certain stock canards are being revived and circulated against Americans of Jewish faith. The falsity of these various accusations has been completely established and repeatedly exposed by impartial non-Jewish authority as they have cropped up from time to time in recent years. The fact that their charges have proven untrue has not, however, deterred the purveyors of such propaganda from continuing assiduously to spread it. Facts never do deter them.

Constant repetition, not authenticity, is the means by which the charges gain credence. Now Communist-Nazi propagandists and their coworkers, seeing this poison work in Europe, are spreading it in America.

But should the Congress of the United States give sanction to this vicious campaign? Should the Congress of the United States allow the pages of its official RECORD to be thus sullied? Should this Congress permit its floor to be used as a sounding board for such utterances? Should any individual Congressman under the cloak of immunity from civil action enjoyed by reason of membership in this body further this Commu-Nazi scheme of division by himself joining in attack upon a minority people? Should he use his public office and the prestige of his official position in the cause of subversion?

Assertions have been made concerning some American citizens living in my city. An attack was made upon Leon Levy, president of Radio Station WCAU, in which it was stated that WCAU had

denied time on the radio to Charles A. Lindbergh.

Let us look at the facts. On May 23, Leon Levy, president of WCAU, sent a telegram to the one who made such assertion, in which he stated that WCAU had not received a request either from the America First Committee, a representative of Lindbergh, or from anyone else officially connected with the organization, to broadcast Charles A. Lindbergh's speech of May 29, delivered in Philadelphia, and further added that "if and when such a request is made, it will be given proper consideration." In the same telegram it was also pointed out that WCAU had broadcast Lindbergh's speech from Minneapolis on Saturday, May 10, and was also to broadcast Senator WHEELER's speech of that very day, May 23.

This telegram was received and acknowledged by letter to Mr. Levy on May 24 by the one who made the assertions. Yet, in spite of that fact, on May 27, 4 days later, he said—and I refer to the RECORD of that date:

Dr. Leon Levy, president of WCAU, Philadelphia, denied time on the radio to Lindbergh.

Can there be any excuse on the side of error in such a misstatement made with complete foreknowledge and acknowledgement of the true facts? Can there be any justification for his deliberate misstatement? Can there be any other motive attributable to such individuals than a desire to give circulation to malicious propaganda?

Once a misstatement is put into circulation it can never be overtaken and entirely refuted with all who heard or read of it. See how this particular misstatement about WCAU has spread; on June 8, more than 10 days later, it reappeared elsewhere.

In the same assertions made on May 27 it is alleged that Samuel R. Rosenbaum, head of WFIL, also denied Lindbergh time. I have a copy of a telegram sent by Mr. Rosenbaum on May 31 to the one who made this assertion, which states as follows:

This is not true. The fact is that instead of selling Lindbergh time I offered him time free, and he accepted it and used it, and WFIL broadcast his speech on equal terms in every respect with facilities offered the other side. No doubt you will rectify the incorrect statement you made.

Privately, the one who made these assertions admitted he was mistaken, for WFIL not only granted free time to Lindbergh's broadcast of his speech but waived the cost of wire lines for the pick-up and gave free preliminary announcements in advance of the meeting calling attention to it.

With the inaccuracy typical of this statement, it was attempted to link the war crowd to the refusal of owners of the Academy of Music to rent their hall for the Lindbergh meeting. However, it was not stated that the owners of the academy were not Americans of Jewish faith. It was not stated at the time the assertion was made declaiming the alleged attempt to deprive the so-called America First Committee of a suitable

meeting hall that the sponsors of the meeting had already made commitment to rent the arena, another hall in Philadelphia. It was further not stated that this hall, in which the Lindbergh meeting was held, was rented with the consent of the six owners, three of whom are Americans of Jewish faith.

This information was easily obtainable upon the slightest effort to investigate the truth of the situation. Obviously, no such effort and no investigation was made as to the true facts.

All of this, however, merely points to the larger conclusion that the maker of these assertions is guilty of loose talk, a complete lack of the sense of responsibility which devolves upon Members of this House to consider any utterance they deliver in this time of national stress.

As a matter of fact, up until this day there has not been a correction before the House of the mistakes of fact which were admitted privately as mistakes, and which still stand on the official RECORD of proceedings, and, above all, the impression has not been corrected that the "war crowd" in Philadelphia is composed of Americans of Jewish faith and that they were a party to a conspiracy to deny free speech to Lindbergh.

From the facts deduced from this statement today it is clearly established that their falsity is beyond answer.

I question the responsibility of any Member of this House who will not publicly acknowledge the untruth of a libel which he sponsors here. Such Member is under deep obligation, not only to the individuals I have mentioned but to the country as a whole and to this House, which gives him the privileges under which these statements were made, to acknowledge the false accusations made in his statement of May 27.

Mr. Chairman, I am calling this to the attention of the Congress so that the House may determine whether or not in the future a halt should be called to this perfidious practice.

Mr. CRAWFORD. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. SMITH].

Mr. SMITH of Ohio. Mr. Chairman, the Commodity Credit—so-called—Corporation has now been in operation for 8 years. It has made loans and purchases in all in the amount of more than \$2,000,000,000, involving approximately 1,000,000,000 bushels of corn, half a billion bushels of wheat, half a billion pounds of tobacco, 20,000,000 bales of cotton, varying smaller quantities of barley, butter, figs, hops, peanuts, pecans, prunes, raisins, rye, wool and mohair, turpentine, rosin, and other products not classified.

Certainly the amount of business transacted and the time which this agency has been in operation should be sufficient to give us some idea of its worth, if it has any worth. Its record should be sufficient to supply us with enough data to determine fairly well how far the promises made to the farmers to raise their prices by this scheme are actually borne out by facts.

What does the record show? Does it show that the farmers have been helped?

It does not. There is not even the smallest bit of evidence that the farmers have received a single dime more than they would have received if they had never heard of the Commodity Credit—so-called—Corporation.

Indeed, I venture to assert that to any average, honest, common-sense mind, unbiased and uninfluenced by political expediency, the record to date of the Commodity Credit Corporation presents a picture of complete failure, without a single redeeming feature in it.

The truth is a close study of the facts and figures appears to indicate that there may be a close relation between the larger amounts used for loans and the lower prices received by farmers, and, vice versa, between the smaller amounts used for loans and the higher prices received by farmers.

The figures clearly show that farmers received a much higher price for wheat and tobacco when no loans were made than when loans were made.

In the case of wheat, as shown below, the figures indicate that the farmers received for this crop a preposterously higher price in the years before the operation of this agency, when no loans or purchases whatever of wheat were made, than they did in those years when it was operating and large sums were used for those purposes.

Wheat loan or purchase program, arranged in the order of the amounts used for loans or purchases each year from the lowest to the highest amount

Year loan or purchase was made	Face amount of loan or purchase	Seasonal average price received by farmers
		<i>Cents per bushel</i>
1933.....	None	74.4
1934.....	None	84.8
1935.....	None	83.2
1936.....	None	102.6
1937.....	None	96.3
1938.....	\$49,215,000	56.1
1939.....	117,335,000	67.6
1940.....	200,849,000	66.0

Thus it will be seen from the wheat figures above that the average annual price received by farmers in the 5 years when no wheat loans or purchases were made was 88.2 cents per bushel, while the average annual price received by them in the 3 years when wheat loans and purchases were made in enormous amounts was only 63.2 a bushel.

During the 5-year period when there was no interference by this political agency with the price of wheat the farmers received approximately 40 (39.5) percent more for their wheat than they did in the 3 years when the bureaucrats gambled with hundreds of millions of dollars in a promise to raise wheat prices for the farmer.

Although 71 percent more funds was used in 1940 for wheat loans and purchases than were used in 1939, the seasonal average price of wheat received by farmers was less by 1.6 cents per bushel in 1940 than it was in 1939.

With respect to corn, as shown below, the figures present in bold relief the fact

that in general the lower the amount was for loans and purchases, the higher was the price received by the farmers for this crop.

Corn loan or purchase program, arranged in the order of the amounts used for loans or purchases each year from the lowest to the highest amount

Year when purchase was made	Face amount of loan or purchase	Seasonal average price received by farmers
		Cents per bushel
1936.....	\$87,000	104.5
1934.....	11,042,000	81.5
1935.....	13,934,000	65.5
1937.....	22,871,000	52.0
1940.....	59,908,000	56.3
1933.....	120,207,000	52.2
1938.....	130,877,000	50.3
1939.....	171,821,000	55.9

In the 8 years that this political bureau has been in operation, from 1933 to 1940, inclusive, the least amount of loans made by it to farmers on and purchases of corn, was in 1936. The amount used for this purpose that year was almost nothing—\$87,000, involving 158,000 bushels.

Yet in that very year, when there was the least amount of interference in agriculture by this political bureau, the season average price the farmers received for their corn was 104.5 cents per bushel. This was the highest price received by them for corn in any of the 8 years.

In 1939 more money was used for loans on and purchases of corn than in any of the other 8 years. One hundred and seventy-one million eight hundred and twenty-one thousand dollars was so used, and involved 301,842,000 bushels. Yet the season average price received by farmers for their corn that year was only 55.9 cents per bushel.

Though nearly 2,000 times as much money was used for corn loans and purchases in 1939 than in 1936, yet the price of corn in 1936 was 86 percent higher than it was in 1939.

In the 4 years, 1933 to 1936, inclusive, the Commodity Credit used \$145,270,000 for corn loans and purchases involving 318,957,000 bushels of corn. The average annual price received by farmers for corn during those 4 years was 75.9 cents per bushel.

During the next 4 years, 1937 to 1940, inclusive, this political agency interfered about twice as much with agriculture as it had in the preceding 4 years. It used \$385,477,000 for loans on and purchases of corn, involving 677,120,000 bushels. The average annual price received by the farmers for their corn during these 4 years was 53.5 cents per bushel.

While the amount used for loans on and purchases of corn was only half as much in the first 4 years as it was in the last 4 years, yet the price which the farmers received for their corn was approximately 41 percent higher in the former period than in the latter.

With respect to cotton it will be seen in the figures below that the price farmers received for this crop in the first 4 years averaged 10 percent higher annually, when in the 1 year 1936 no loans or purchases were made, and when in the other

3 years loans or purchases in the amount of \$106,599,000 were made, than they averaged during the 4 last years when more than eight times that amount, or \$883,329,000 was used for loans or purchases of cotton.

Cotton loan or purchase program, arranged in the order of the amounts used for loans or purchases each year from the lowest to the highest amount¹

Year loan or purchase was made	Face amount of loan or purchase	Crop year average price received by farmers
		Cents per pound
1936.....	None	12.33
1939.....	\$1,324,000	9.09
1935.....	5,777,000	11.09
1933.....	99,498,000	10.17
1940.....	152,081,000	9.41
1938.....	205,329,000	8.60
1937.....	243,275,000	8.41
1934.....	282,644,000	12.36

¹ 1933-34 cotton pool loans not included. If these figures were included the picture would be still worse for the Commodity Credit Corporation.

In 1934, \$282,644,000 was used to make loans on and purchases of cotton. That year the average price of cotton was 12.36 cents per pound.

In 1936, no loans on or purchases of cotton were made by the Commodity Credit Bureau. That year the average price of cotton was 12.33 cents a pound, or within three-hundredths of 1 cent of what it was in 1934, when about \$283,000,000 was used by this political agency to promise to the cotton farmers more money for their crops.

In 1937 and 1938, \$243,275,000 and \$205,329,000, respectively, was used for loans on and purchases of cotton. The average price per year for those 2 years the farmers received for their cotton was 8.5 cents per pound. So that in 1936, when no taxpayers' money was used by this political agency to promise better prices to the cotton farmers, they received for their crop 45 percent more than they received in 1937 and 1938, when a quarter of a billion dollars was used annually for this purpose.

In 1937, \$243,275,000 was used for cotton loans and purchase. In that crop year the average price the farmer received for his cotton was 8.41 cents a pound.

In 1939, only \$1,324,000 was used for cotton loans and purchase. In that crop year the average price received by farmers for their cotton was 9.09 cents a pound.

Though the amount of money used for cotton crop loans and purchases in 1937 was 180 times more than that used for the same purpose in 1939, yet the crop year average price the farmers received in 1939 was 6 percent higher than it was in 1937.

In 1936, no loans on or purchases of tobacco were made by the Commodity Credit agency. The season average price per pound of tobacco received by the farmers for that year was 23.6 cents. That was the highest-price tobacco farmers received for their product since 1919. In only 3 other years, 1917, 1918, and 1919, had they received a higher price than this since 1887. Incidentally,

net exports of tobacco in 1936 were, with the exception of two other years, 1932 and 1934, the lowest since 1918.

In 1938, no loans on or purchases of tobacco were made. The season average price per pound of tobacco received by farmers for that year was 19.7 cents.

In 1939 and 1940, \$79,186,000 was used as loans on and purchases of tobacco. The season average price per pound of tobacco received by the farmers for those 2 years averaged per year 15.6 cents.

Tobacco farmers, therefore, received in 1936, when no loans on or purchases of tobacco were made, 51 percent more for their product than they received in 1939 and 1940, when more than \$79,000,000 was gambled with by the bureaucrats in their promise to help the farmers.

Tobacco farmers received in 1938, when no loans on or purchases of tobacco were made, 27 percent more for their crops than they did in the years 1939 and 1940, when more than \$79,000,000 was used in a promise to help the farmers.

These figures wholly disprove every claim made by the proponents of this political scheme that it is helping the farmers to receive higher prices for their crops.

It is almost childish to suppose it could possibly do anything of the sort.

Indeed, the idea of farm parity, and that it can be achieved by political machinery is not an economic concept, and much less a scientific one. It is a purely political concept.

Agriculture is but a segment, one of the parts, of our economy. It could not survive independently of the other parts. Though its processes govern and control in innumerable ways the processes of the other parts of the economy, its own processes are in turn likewise also under the control and government of all the other processes of the other parts of the economy.

The intricacy and complexity of the reciprocal influences of these processes upon each other, and the quality and quantity of materials and services they reciprocally supply and render to each other, are so greatly involved that they are little if at all understood.

The above principles hold especially in respect to the part played by the various segments of the economy in the production of prices. There is absolutely no such thing as a science of price production in any sense of supplying society with a better formula for regulating and controlling prices than is supplied by the free-trade and contract process.

Especially is it a fallacious assumption that agricultural prices can be controlled by political machinery that deals only with agricultural prices, such as is involved in the operation of the Commodity Credit Corporation.

Whatever effect any loans or purchases of farm products by this agency might have in raising farm prices, that effect would immediately be reacted upon by innumerable forces from the other economic segments. Surely this must be recognized by all.

Only by setting up a completely totalitarian regime which would put all prices

under political control, such only as exists under Hitler and Stalin, would it be possible to control farm or any other prices. The bureaucrats who operate the several agencies ostensibly to control farm prices themselves, as good as admit this principle in the policy they have adopted of restricting farm production.

Of course, the political planning of agriculture is proceeding rapidly toward complete regimentation and totalitarian control of the farmers.

The real reason for the existence of this political agency is not difficult to see. It will be found wholly within the political field, nowhere in the economic. The following should leave no doubt of this:

Administrative expenses of the Commodity Credit so-called Corporation, as shown in the hearings on the bill

1934-----	\$115,645
1935-----	340,088
1936-----	560,718
1937-----	491,192
1938-----	521,097
1939-----	694,383
1940-----	1,296,000
1941 (estimated)-----	2,250,000

The hearings on H. R. 4972 also show the following:

The Commodity Credit so-called Corporation was set up in 1933 with a capital of \$3,000,000.

Originally, the loan programs of the Commodity Credit Corporation were financed from its own capital funds and from advances made by the Reconstruction Finance Corporation. The maximum amount of such advances outstanding at any one time was approximately \$298,000,000.

April 10, 1936, the act was altered so as to permit this political agency to issue Government obligations in its own name. July 1, 1936, it increased its capitalization to \$100,000,000.

March 8, 1938, the act was amended and this agency was authorized to issue or have outstanding in loans an amount not exceeding \$600,000,000.

Six hundred million dollars was raised to \$1,000,000,000 March 4, 1939. One billion dollars was raised to \$1,500,000,000 August 9, 1940. Now we have this measure before us to raise the borrowing and lending authority of this political agency to \$2,750,000,000. Next year and the next, and so on, until possibly financial ruin overtakes us completely, we should expect bureaucratic and political pressure to be brought for bigger appropriations for administration expenses and further increases in the borrowing and lending powers of this political agency.

Mr. STEAGALL. Mr. Chairman, I yield such time as he may desire to the gentleman from Montana [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Chairman, I am for this bill and will vote for it.

In view of the fact that there are going to be pressed for passage in the House bills that have for their purpose the curtailment of the rights of labor, and the further fact that I may have to go to Montana shortly and might not be here when they come up for consideration, I ask unanimous consent to proceed out of

order so as to state my position as to any further legislation along that line.

The CHAIRMAN. Is there objection to the request of the gentleman from Montana [Mr. O'CONNOR]?

There was no objection.

Mr. O'CONNOR. Mr. Chairman, I deplore any happening that results in stoppage of work or which in any wise hinders our carrying on our defense program. I want to see such interference with the program disposed of as quickly as possible. I deplore strikes as much as any Member of this House. I cannot say too often that in my opinion the heart of labor is as sound and patriotic as any group that goes to make up America. No greater American ever lived than Sam Gompers. It may be said of him that he is the founder of stable and permanent unionism. The improving of the conditions of his fellow workers became the crusade to which he pledged his life and labor. Carrying on down from him, the great leaders of labor are likewise good Americans, such as William Green, John L. Lewis, and Philip Murray, who are fine thinkers and great fighters for what they think is right. There is no denying the fact that there are in labor organizations, the same as in other groups, Communists and pro-Nazis. What a mistake the laboring man makes when he takes up such philosophies. He should remember that he who strikes in Russia or Germany is shot. The laboring man should also remember that the man on relief in this country is higher paid than the paid laborer in Russia and Germany.

I have felt, and do now feel, that the great labor leaders of these unions ought to and will clean out of their organizations those persons who have ulterior motives in generating and carrying on strikes that have for their purpose interference with the production of materials necessary for our defense. I am not ready, however, to condemn all strikes without a hearing. I do not believe that any presumption should be indulged either way, for or against the merits of a strike when one occurs. In my experience in reading the history of strikes and looking into them somewhat, I have concluded that workers strike only as a last resort to either secure a better and more deserving wage or safer and better working conditions. In the last analysis, strike is their only effective weapon. The Government has very wisely set up agencies through which a just determination may be made as to the matters at issue. I have said, and now repeat, that as a rule there are three sides to a strike, namely, the strikers' side, the employer's side, and what may be termed the middle side or the right side. It is the purpose of these governmental agencies to find the right side.

I feel confident if the labor organizations are not baited to the point of resentment and not smeared with communism and nazi-ism to the point where they become callous, they will see to it that the findings made by the Mediation Board or Conciliation Service will be recognized and carried out. I want, before we go too far in passing legislation, to give our labor leaders a chance

to work these matters out themselves. I want to see all controversies such as strikes disposed of at a peace table by giving both the employer, employees, and the country a square deal. I do not believe in settling any matter by force unless it is proven beyond all doubt that there is no other course. Bills will be pressed for passage in the Congress to control outbreaks of labor against what labor considers is its right. My own opinion is that additional laws will not help the state of confusion which already exists. It remained for a former distinguished Member of this House, and now a Member of the Senate, Senator MURDOCK, of Utah, to point out the extent of confusion that exists today owing to the various and numerous agencies which have been created to deal with this subject. I quote from the CONGRESSIONAL RECORD of June 10, at page 5061:

We have the National Mediation Board, established by the President; then we have the Conciliation Service of the Department of Labor; then we have the Labor Service of O. P. M., under Sidney Hillman; then we have the National Labor Relations Board. Does any group of labor today know where to go to present grievances and ask for justice? It was recently reported that in a strike on the Pacific coast in the shipbuilding industry there was one mediator from the Conciliation Service of the Department of Labor, another from the National Mediation Board, and there was one group there grabbing onto this mediator and another group grabbing onto another mediator; so that, instead of mediation, instead of conciliation, there was nothing but confusion.

You will see, my colleagues, we already have an aggravated, cluttered condition brought about by too many agencies trying to control or trying to deal with the same condition. I do not think we should add to this already cluttered condition by passing more laws, which will only further confuse a bad situation.

The President of the United States already has ample authority to deal with all such conditions. He has it as the President of the United States, as Commander in Chief of the Army and Navy, and also special powers which have been given to him by legislative acts, the draft act, the lease-lend bill, and so forth. As has been seen recently in the strike in California, he has the power to use the soldiers, who may stick bayonets into the bellies and legs of the laborer who goes on a strike and who pickets. He further has the power to issue regulations providing for orders to be issued which mean work or fight under the draft act. He likewise has the power to take away the plants from owners. I supported and argued on the floor for an amendment in the lease-lend bill to give him the latter power. Now, the only additional power I can think of would be to give him the right to cause the soldiers to stick the bayonets into the legs and bellies of the recalcitrant employers and industrialists, such as the Aluminum Trust.

Further legislation along this line would only tend to make labor feel that it was being made the scapegoat for the vengeance of the many persons who are not in harmony with the progress made

by labor organizations and by our Government in advancing the position of the laboring men. Let us take it easy and do not make attacking labor our daily indoor sport. Suppose labor eventually became resentful and just stopped and went fishing. You know you can lead a horse to water, but you cannot make him drink. Let us try and keep our shirts on and treat employee and employer alike.

During the last half century the people of the United States, through their various State legislators and the Federal Government, have given to labor rights, not only through legislative enactment but also through court decisions:

- (1) The right to strike.
- (2) The right of self-organization.
- (3) The right of collective bargaining.
- (4) The right to choose representatives freely.
- (5) The right to be free from forced labor.
- (6) The right to have labor recognized as not a commodity.
- (7) The right to induce others to strike.
- (8) The right to picket.
- (9) The right to boycott.
- (10) The right of labor organizations and their members to protection.
- (11) The right of protection against "yellow dog" contracts.
- (12) The right to be free from strike-breakers.
- (13) The right to remain an employee, though on strike.
- (14) The right to be free from discrimination, including blacklisting.

The right of labor to organize and to strike is not unlimited. Federal employees may not strike. That is the exception.

Great impetus and progress has been given to this program of bettering the condition of the laboring man by this administration.

Upon the question of strikes the principal contention in defense strikes has been wages. My information is that 59 percent were over wages. I am informed that the Allis-Chalmers strike, which was supposed to have arisen out of union relationship or a jurisdictional strike, was ended in a wage-increase agreement. Strikes occurring because of union relationships amounted to approximately 22 percent of the strikes that occurred. I have always contended that progress in our defense program has not been deterred entirely because of strikes. My contention in that regard has recently been reinforced by Secretary Ickes' criticism of the Aluminum Trust, according to press reports not denied:

Interior Secretary Ickes told a Senate committee Monday if history records the present war as lost it may be because of the recalcitrance of the Aluminum Co. of America.

Testifying before the special committee investigating the defense program, Ickes said the company had worked to prevent aluminum production by other companies.

"It is as perfect a monopoly as ever devised by man," he declared during the questioning by Chairman TRUMAN, Democrat, Missouri.

"We could get more aluminum if we weren't too polite," Ickes added. Ickes said the Aluminum Co. "would prevent the dissemination of the facilities of aluminum, regardless of the consequences to the United States,

in order to get all the aluminum sources under its control."

Asked by Senator CONNALLY, Democrat, Texas, if the Government had contemplated taking over the Aluminum Co., Ickes said he "didn't know."

"The company uses many cunning methods," Secretary Ickes added. "It all adds up to obstruction."

Secretary Ickes said the Office of Production Management had "underestimated" the aluminum shortage, and commented that "underestimating seems to be a habit with them."

No doubt democracy is the only hope of the civilized world. Should the world go communistic or Fascist or Nazi, the clock of advancement of social order would be turned back at least a century. Consequently it is imperative that every one of us put forth our utmost effort in holding true to democratic principles. In order to do this we must get up on our toes and show the world that democracy works at home. Dealing in and using platitudes is not sufficient. We, in this country, have contentions and disunion in our religious groups. People are discriminated against in various ways because of religious affiliations. We have the same situation in our racial groups, and, last but a long way from being the least, are contentions between labor and capital, which perhaps is the most serious of all. In regard to our religious groups it goes without saying we all have the same objective, namely, the salvation of our soul and the betterment of human kind. In our relations among our racial groups there should be equality, and the finger of suspicion as to his Americanism should never be pointed at anyone because of a name showing foreign descent. Democracy in these two important matters should be more treasured and made a more acting force.

The most that can be said as between these isms is that there is a distinction without a difference. Hitler and Stalin, each the leader of a pack, are now at grips. So far as affecting the morals and welfare of the world, victory either way would make little if any difference. However, they have been hunting for victims in two packs in the past. Should either win now all would hunt in one pack. In the past each, fearful of the other, spent time on the watch. Should a winner emerge, the pack would give its entire time conquering free peoples. It would be better for the world, however, for Hitler not to win, as he is the shrewder and more efficient in his work; consequently more dangerous. The history of both show that they have been trying to outdo each other in brutality, human massacre, wickedness, and human slavery. Each hand is equally bloody. It is obvious that we must arm to the teeth as quickly as possible.

I am unalterably opposed to any form of ism that has for its purpose a state or socialized ownership and control of the resources and property of the country as well as the personal rights of the people for the following reasons, among others.

First. Private ownership of property is done away with. Remove from the in-

dividual the right to own his home and to have an interest in the thing on which he works is to take from him responsibility and deny him that indefinable pride and enjoyment in being able to put his feet on his own ground and in his own home and call it his. When you deny man this he loses something. Homes are the foundation of countries, social progress, and governments. Eliminate this, you have nothing but a shell. Again, when we do away with the right to own property, we fall into a common or scrambled ownership of property and a dictator will tell you how much you can have or in other words what is yours, if anything. Man was not brought into this world to be dictated to by man. It has been well said that communism means "this is ours for us, but the dictator says how much is mine and yours." Stating it in another way, as has been said: "Social purpose swallows private persons." Now the very moment we step into the realm of socialized property we necessarily lose our individualism and our liberty. At most a man becomes a cog in a big wheel, the actions of which are directed by the dictator. There can be no such thing as liberty in communism, nazi-ism, or fascism. These isms are the antithesis of free, independent thinking and action on the part of people. Any person who subscribes to the theory of democratic government if he will think through, can have no place in his make-up for any of these "isms."

As to capital and labor, labor up to the moment has, without a doubt during the past several years, been the favored and capital, it may be said, has been in a way defending itself. Now apparently in the minds of the people a recasting of the situation is going on. In my opinion both labor and capital are at fault. In the past, and I think at the present time, though it has been declared by law otherwise, labor has been looked upon as commodity, the value of which depends upon supply and demand. On the other hand, capital has been viewed as a sort of a static or inanimate thing. This view of both is wrong. Labor today is looking at itself as a commodity and therefore it wants its value determined by demand. Labor is not a commodity. It is personal effort. When we look on labor as a commodity we lose sight of the man. As has been said: "When treated as a commodity he is lost sight of in our economy. He has been used for profits and production." It has also been said that "this has been proven because when man produced more than was necessary he was put on the streets." Now the reverse should be true; that production exists for man. If this latter statement is true we would not have breadlines when we have an abundance of everything. You will recall the fact that we destroyed foodstuffs when they were needed by man, to raise the price of products. Labor itself is today falling into this very error.

As to capitalism, it has been said that "capitalism is private persons swallowing social purpose." This statement is going too far, though I do not want it understood that I claim capitalism as we

know it is perfect. It is a long way from it. It is because of the greed and selfishness of our monopolistic capitalists in promulgating and carrying out policies that brought about concentration of the wealth of the country in the hands of a very few people.

Now the question is what can be done which will lead toward bettering this capital-labor condition? In regard to capital, it has been said that rather than capitalism being private persons swallowing social purpose that "capitalism should be private persons living for not only their gain but for social purpose and for the betterment of mankind." That, I think is a middle ground which leads me to say that the relationship of capital and labor should be analogous to the relationship of a family unit, each helping the other. Now how can this be brought about? I think by some sort of a share-the-profits plan. For instance the employees should be paid a decent and livable wage by the employers, the employers to receive a reasonable rate of interest upon their capital structure and sufficient additional sums to maintain the plant and for replacement purposes; also such sums as are necessary for general expenses, taxes, and so forth—then a reasonable division of the profits over and above these various sums. Where industries have adopted this plan, strikes are unknown. In the first place it would make the employee feel that he has an interest in the work that he is doing. It would give him responsibility and it would give him a better chance to own his home and to create something for the future which makes for a better American citizen. It is seldom if ever we see a home owner or the owner of private property advocating any isms which would take away from him the very thing in which he takes pride.

It would also induce the worker to help make the venture more profitable, for if there were no profits he would share none. In this connection I think it is the right thing to do, as a man not only works for his wages but in addition he is contributing to increase of wealth in the country in which he should share. That may be termed the social aspect of his labor. On the other hand, the employer may say that he owns his plant and that no one has any right to have any interest in its profits. Technically this may be true, but that is just the rock upon which we in this country may flounder unless it is modified. Let us analyze this contention for a moment. It is true that there is such a thing as absolute ownership of property, but it is not true that there is an unlimited use of that property. Property may not be used to the detriment of the common good. Industries putting out essentials for the people may not arbitrarily refuse to cooperate to continue production to the detriment of the common good. There is an interest, though today it is very vague, of the working man in the thing on which he works which is the social aspect of the relation of man's labor. In labor we have as good brains and as fair men as you will find in industry. They could sit at a table together and work

out a plan of profit sharing that would not only effectuate a remedy for the troubles between capital and labor but likewise would be an answer for many of our economic ills, many of which are caused by the fact that a few people own too much and the great masses too little. My opinion is that in order to save the laboring men and capitalism as we know it and our present form of Government that some such profit sharing plan must be brought about between labor and capital. This may be done without any additional laws. In fact it is being done by some employers of labor at this time.

Leo XIII had the following to say upon the question of profits:

Capital cannot do without labor, nor labor without capital. It is therefore entirely false to ascribe the results of their combined efforts to either party alone; and it is flagrantly unjust that either should deny the efficacy of the other and seize all the profits.

Let us not by legislation undo or nullify what we have done for labor in the past. Let us appeal for a solution of the problems of labor and capital to the patriotism of their great leaders and save America for Americans.

Mr. WOLCOTT. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. SAUTHOFF].

Mr. SAUTHOFF. Mr. Chairman, I notice that the chairman of the Committee on Rules, when he discussed the rule on this measure, made the statement that he did not know why the farmers were dissatisfied. I take it that those well-known agriculturists from his district, Ed Kelley and Pat Nash, are doing right well with their crops down on Michigan Boulevard and in the Loop, but our farmers back in Wisconsin are not quite as well fixed nor do they stand as close to the powers that be as do Brothers Kelley and Nash. Let me give you a few reasons why our farmers are not satisfied and why Wisconsin upset a 400,000 majority for Roosevelt in 1936.

Our troubles in the dairy field started back at the time of the first reciprocal trade agreement with Canada, when the reduction of 2 cents a pound on cheese broke our price and cost us millions of dollars. Since that time, on two other occasions, tariff reductions have again lowered the price of dairy products in our State.

As to benefit payments, we have had none, or so little that the amount is negligible. You must remember that in the dairy business soil conservation is practiced by the farmer as a matter of course. He grows grasses, and has been practicing soil conservation for over 50 years in our State. The soil-conservation program did not mean much of anything to us because we knew more about it than the people who were trying to tell us about it.

To whom do the benefit payments go? To corn, to cotton, to wheat, to tobacco, and to rice. We do not have much of any of those in Wisconsin. There was nothing for dairying, therefore, in the benefit payments and we did not derive much advantage from them. Our benefit payments amount to 5.3 percent since they were inaugurated of the assessed

valuation of our farms, while the average for the United States is 10.6 percent, twice as much as my State received, and may I remind you that some States in the South have received as high as 40 percent of the assessed value of their farms.

As to parity payments, there has been a lot of talk about them, but we have not had any parity payments in over a generation, so there is no reason why our people should feel they are being benefited by the parity payments, because there is no such thing.

We saw a ray of hope recently when prices started to go up; when we started shoveling out money here, there, and everywhere, with business increasing in the cities, factories putting on additional employees, wages increasing, and our market improving. But what happened as soon as our prices started to go up? The price-fixing department promptly decreed that 31 cents was a parity price on butter. It was not even close. The Department of Agriculture of Wisconsin disagreed by 5 cents a pound with that figure.

But that is not all. We were told that people in Europe needed food. Then Secretary Wickard came out with the amazing statement that the people of the United States should eat less cheese because we wanted to send it over to Britain. We reminded the Secretary that there are 29,000,000 pounds more of cheese in storage this year than there were last year; furthermore, that a great deal of the cheese that Britain demands is Cheddar cheese, while they could easily take Swiss cheese, brick cheese, and a host of other cheeses fully as nutritive and as valuable to their diet. However, no effort was made by the Agricultural Department to do anything in that regard.

We informed the Secretary that we could produce one-third more cheese than we are producing now, and we are producing 50 percent of the cheese produced in the United States. We can meet the demands of Britain and the United States with a little cooperation from the Department of Agriculture, which we have not had.

Our State has spent hundreds of thousands of dollars advertising cheese. We have raised the per capita consumption of cheese in the United States from 3.5 pounds to 5 pounds per capita. Now we are to lose this business and ruin our industry so that Britain can have more cheese.

Of course, cheese is a valuable part of the diet. The dietitians who met here recently told us that 40 percent of the people of the United States were undernourished. Why not give cheese to our people? Oh, no; our people, instead of being given butter and cheese, are to be given oleo—ersatz. We are going to transfer the United States into a country that produces food and sends it away while it eats the substitutes.

They are now making oleo with some diacetyl to give it the color of butter, they are giving it a sun bath so it gets the right amount of vitamins, and they are permitted to needle it with sodium benzoate to preserve it, so that you have a presentable spread which is good enough

for the United States, while we send our butter to Britain.

Why not use axle grease? That is cheaper, and you could needle it with the same ingredients and it would cost a lot less. As long as you are using substitutes, use the cheapest.

One of the afflictions of the dairy business in our State has been for years the fact that it is controlled by monopolies. National Dairies controls 40 percent of all the cheese we produce, Armour 15 percent, Swift 14 percent, and Borden 9 percent. Seven companies in the United States handle and control 90 percent of the cheese we produce. Why? Because these small factories do not have storage and financial facilities to take care of it after they produce it. We have some 2,100 cheese factories in my State, and 1,880 of the 2,100 do not have sufficient storage and financial facilities and are therefore at the mercy of the larger organizations.

Why, in heaven's name, does not the "trust buster" down here, who has been allocated millions of dollars to take care of the trusts, start an action and "bust" this trust and give the dairy farmer of Wisconsin some protection? Oh, yes; I know they are bringing indictments against some of the smallest dealers we have, sure. These little dealers cannot protect themselves, they do not have the money. But they do not tackle National Dairies. Why? Because they are too tough.

We offer a program to take care of our people in the dairy industry. The first point is to have a real conference with the department of agriculture of Wisconsin, together with representatives of the university, Dean Christiansen, Prof. W. W. Clark, and others who know this problem.

The second point is to finance our dairy farmers the same as you finance the Du Ponts and the other "big shots" in industry.

The third point is to protect them from outside competition, cheap substitutes, and monopolistic practices.

Our dairy farmer is intelligent, patriotic, and willing to work. Give him an even break and he will get along.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DEWEY].

Mr. DEWEY. Mr. Chairman, contrary to the general impression, the duties of the Commodity Credit Corporation are not confined solely to extending direct relief to the producers of agricultural products through loans and purchases of surplus commodities. It also has the very important duty of being prepared to give assistance in the stabilization of prices when unusual crops and market conditions occur. It is to this stabilization-of-prices function that I wish to direct your special attention in connection with our consideration today of the pending bill for increasing the borrowing power of the Commodity Credit Corporation.

The former Corporation president, Dr. Carl B. Robbins, referred to this function in his 1940 report, emphasizing its importance under emergency conditions.

On page 4 of that report, under the heading "Functions of Commodity Credit Corporation Loan Programs," he makes this statement:

The function of the Corporation's loan programs in protecting farm prices becomes greatest, of course, under emergency conditions. For instance, the abnormal 1937 cotton crop of approximately 19,000,000 bales, which came about in part as an aftermath of the invalidation of the former Agricultural Adjustment Administration processing-tax program, would have meant untold suffering, not only to the South but also to the entire Nation, if it had not been possible for the Commodity Credit Corporation to place a floor under what otherwise would have been a most drastic decline in cotton prices.

This particular function, it seems to me, takes on an even greater importance today and more so in the days to come. It is my belief that agriculture as a whole is about to enter into a period of extraordinary emergency due to great price fluctuations caused by the national-defense program and the program under the Lease Lend Act. Some thought should be given to the effect of the present-day emergency situation on agricultural prices and we should begin now to make preparations for the trying period after the emergency has passed.

Let me recall the agricultural price movements during the first World War. The average price per bushel received by the producers of wheat in the month of June 1916 was 96 cents. By June 1920 the price was \$2.56. By June 1921 the price had fallen back to \$1.19.

Take corn as another example. In June 1916 the producers of corn received 74 cents per bushel. In June 1920 it rose in price to \$1.85. One year later, in June of 1921, the price had fallen to 62 cents.

The same general price fluctuations will be found in the instance of cotton, another basic commodity. The price per pound for cotton in June 1916 was 12 cents. In June 1920 it had risen to 37 cents. But in June 1921 the price of cotton per pound had fallen as low as 9.7 cents.

Some may contend that during the period of the first World War there were no excessive stocks of agricultural commodities as compared to today, particularly with respect to cotton. However, the 1914 cotton crop of 16,000,000 bales, the largest in history to that date, certainly proves there was no shortage. The outbreak of the war and the stoppage of exports caused a fall in price to 5½ cents. Along toward 1917, due to industrial activity at home and a general rise in commodity prices, the price of cotton averaged over 25 cents per pound and went to 37 cents by June of 1920.

It is generally true—hardly open to dispute—that when an upward price spiral gets under way all prices are affected. This is shown very clearly by the indexes of all farm products for the period of the first World War and following. The indexes of all farm products rose from an index of about 75 in the middle of 1916 to 170 by the middle of 1920. From that point the indexes fell to 80 by the middle of 1921. It must be kept in mind that while there may have

been no excessive stocks of farm commodities neither was there any particular shortage except in wheat at the commencement of this period. The situation which confronted us at the commencement of the first World War is comparable to a great extent to the situation confronting us today.

It is my opinion, which is shared by many students of our economic situation, that due to the tremendous expenditures of the Government in connection with the defense program and the Lease Lend Act, in spite of all that may be done by Price Administrator Leon Henderson, there will be an advance in the prices of all commodities. There may be exceptions among certain agricultural products necessitating some artificial support to keep their prices in proper relation to the five basic agricultural products—wheat, corn, cotton, rice, and tobacco—upon which parity price is based. It may also be necessary to keep on hand certain quantities of food and feed grains as a reserve in case of a crop shortage. By virtue of this legislation and legislation previously enacted the Commodity Credit Corporation has, I think, ample power to deal with these price fluctuations.

During the hearings of the Banking and Currency Committee on this bill practically all the discussion centered on the raising of the price of agricultural products to parity. That is, of course, the immediate objective. While support for agricultural prices may be momentarily necessary, it is my belief that agricultural prices will reach parity by themselves. The tremendous expenditures of the Government are certain to have a stimulating effect on commodity prices. I have already pointed out what took place during the period of the first World War.

That which concerns me is the period which will follow this emergency, when all this defense activity has ended. We should profit from our previous experience. After the first World War the real emergency in agricultural prices actually arose. It will be after this war that the real emergency in agricultural prices will arise. You will recall that in the fall of 1920 agricultural products lost more than 50 percent of their value in the brief period of 4 or 5 months. When this same situation arises after this emergency the Commodity Credit Corporation should be in a position to step in and support the market to curb any such demoralization of agricultural prices.

The pending legislation gives the Commodity Credit Corporation adequate authority and adequate credit to stabilize and increase the prices of certain commodities. It therefore behooves the Corporation to conduct its operations in such a manner that it will be in a position to give the agricultural price market the support it will need at the end of this emergency. The Congress should place on the statute books some statement of policy to the effect that it expects the Commodity Credit Corporation to liquidate in an orderly manner the commodities it owns, and we should remove whatever limitations there are

on the Corporation from following such a policy.

Section 381 (c) of the Agricultural Adjustment Act of 1938 in part provides that on and after July 31, 1939, not more than 1,500,000 bales of Government-owned 1937 cotton crop may be sold in any calendar year, and then only when all the cost to the Government will be reimbursed. These costs today are around 10½ cents per pound. The Commodity Credit Corporation now owns 4,795,000 bales of 1937 cotton. At the rate of sale allowed by existing law, it would take 3 years to liquidate this stock. It is true that the Corporation may exchange this cotton for strategic materials. One such barter arrangement has been completed, but it has only relieved the Commodity Credit Corporation of 600,000 bales of cotton.

It is my firm belief that most of the farmers of the United States will in due course need the assistance of the Commodity Credit Corporation to support and stabilize falling agricultural prices far more than they need it at the present time to bring prices to parity. If at that time the Commodity Credit Corporation is already heavily stocked with surplus commodities, it will not be able to give the farm market support at the very time it will need it most, unless, of course, additional capital is made available to the Corporation. But insofar as additional capital is concerned, it must be emphasized that at that time we will probably have reached the limit of borrowing power.

With this thought in mind, at the proper time I intend to offer an amendment to the pending bill that will express the policy of Congress in connection with the operations of the Commodity Credit Corporation. I do not have in mind that the Corporation should immediately liquidate its Government-owned agricultural products. Rather I think Congress should express in words that it expects the Corporation to liquidate in an orderly manner the stocks of Government-owned commodities held by it, insofar as such liquidation is consistent with our agricultural program. Moreover, I believe that such statutory provisions or Executive orders as now or might in the future serve to prevent an orderly liquidation should be removed in order that the Corporation may be free to carry out the policy.

I repeat that we must not forget that when the present emergency terminates, men are released from our armed forces and from extra hours of employment in industry, when our defense efforts end and there are general liquidations and readjustments, the demands upon the Government for the support of our economy will be terrific. Today we should begin to prepare wherever possible for a future deflation period.

Mr. WOLCOTT. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, when the bill H. R. 4972 was before the Banking and Currency Committee, and while the hearings were being conducted, Mr. Edward O'Neal, of the Farm Bureau Federation, presented to the committee

a statement which appears on pages 165 and 166 of the hearings. This statement was very enlightening to me, in that it gives the current position of the bureau with reference to its general program.

I interrogated Mr. Edward O'Neal, and as a result of my questioning Mr. O'Neal made this statement:

The farmers have always felt that the Commodity Credit Corporation was the foundation of the whole program.

Later on I interrogated Mr. O'Neal further, when I said:

According to your conception, the farmers of the United States do look upon the Commodity Credit Corporation as a permanent institution, acting as the very basis of the whole farm program?

Mr. O'NEAL. Yes, sir.

Then I further observed:

That is one of the most significant observations that has been made in connection with all of this discussion.

Mr. O'Neal replied, "Yes, sir."

Then I observed:

Because we go along from time to time and deal with the Commodity Credit Corporation as if it were a temporary entity.

Later I made this statement in the hearing:

Dealing with this Commodity Credit Corporation as a permanent operation—and if that is to be the program, let us begin to get the philosophy before the Congress that it is a permanent proposition and that we must shape it and deal with it and implement it as a permanent proposition.

Mr. Chairman, going directly to the bill, section 4, page 3, in my opinion, is one of the most far-reaching amendments ever made to the Commodity Credit Corporation Act in that the intent of that section 4 is to embrace all non-basic agricultural products. It is my understanding the substance of this amendment was arrived at by an agreement between the directors of the Farm Bureau Federation and representatives of the Department of Agriculture in a meeting held in Chicago, Ill., while this bill was under consideration.

In view of the far-reaching influences of section 4 on the general approach and the intent involved therein to the effect that all of these legislative benefits, whatever they may be, may be extended to all agriculturalists, I think the House should approve the bill which embraces section 4 in the hope that these benefits will go as Congress intends, but I also hope, Mr. Chairman, that Members of this legislative body and the farmers of this country will never come to the point where we sincerely believe that markets can be legislated. Personally, I have always felt that it would be much better for the farmers generally if they had a market where they could sell their goods to the ultimate consumer or in the channels of trade on a fair, square parity of price basis as related to the things the farmer has to buy, instead of selling the goods to a Government agency, for instance, the Commodity Credit Corporation, and I do not believe we will ever attain our goal until the situation develops to the point where the farmer can place his products in a free, open market at a

fair price without having to clear through Government channels.

Mr. FULMER. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman.

Mr. FULMER. I just want to congratulate the gentleman on that statement.

[Here the gavel fell.]

Mr. WILLIAMS. Mr. Chairman, I yield 2 minutes to the gentleman from South Carolina [Mr. FULMER].

Mr. FULMER. Mr. Chairman, in view of the fact the gentleman's time gave out and I could not ask the question I had in mind, I take this time to state I want to congratulate the gentleman on the statement he has just made in reference to the marketing of farm products. I do not believe we will ever be able to see to it that the farmers actually get 100-percent parity prices unless we do it by legislation or unless the farmers are put in a position where they will be able to market and distribute their products. Today practically every other group controls its production in line with purchasing power. These groups absolutely control the distribution of their products and they fix their prices, but the farmers in every instance must ask, "What will you give me for what I have to sell?" In some instances there are many people or agencies operating between the farmers and the actual consumers, many of them making more out of it than the farmer who perhaps has labored long and hard to produce same.

Then we hear much talk about the price to the consumer with the statement being made that the farmer is getting too much for his product, when, as a matter of fact, the parasites operating between the farmer and the consumer are the ones who are adding to the small price received by the farmer that the consumer has to pay. I hope some day we will have a real up-to-date marketing and distributing system that will eliminate many of these parasites.

Mr. WOLCOTT. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. HULL].

Mr. HULL. Mr. Chairman, when parity bills have been before the House in previous sessions, those of us from the Northern States, particularly the dairy sections, felt that we were so entirely left out of the program that we could support those measures only because we believed in the general principle that no farmer anywhere in this country should be asked or expected to sell his products below the cost of production or below the parity price. However, this measure, in section 4, broadens the base as to nonbasic agricultural products, and enables us to have a little share in this endeavor of the Government to guarantee at least 85 percent parity prices for farm commodities by bringing into the program dairy, pork, and poultry products.

I know there are many people who believe and who are under the impression that while we have had no loan program for dairy products, no corn program for our section of Wisconsin, that we have received benefits equal to those to other sections through the purchases of the Surplus Commodity Corporation.

That has not been the case, however. There have been some instances in which the Surplus Commodity Corporation has benefited the dairy sections. That was particularly true in 1938 when there was a great slump in the price of butterfat, and the Corporation purchased about 114,000,000 pounds of butter. That is the only year, however, in which that particular section had any principal part in even the activities of the Surplus Commodity Corporation in sustaining the price of our products. Last year the butter purchases by the Corporation amounted to less than 67,000 pounds. I think the approximate amount invested was about \$19,000. In addition to that they made some small purchases of cheese for relief purposes. The Corporation also expended considerable sums for whole milk in its program for school children.

In 1938, by purchasing about 114,000,000 pounds, the price of butter was raised to about 66 percent of parity. Later a portion of that large amount of butter was released as the Corporation sought to stabilize the market for the benefit of the consumers. Appreciating such benefits as were received, we felt that we had just reason for complaint of the manner in which our dairy products had been left out of these purchases of farm products. The recent action of the Corporation in removing butter from the stamp program lessened butter consumption by 50,000,000 pounds or more.

There are those who believe that the Government should not subsidize anybody—the farmer or anyone else. However, the Government has had an extensive policy of subsidies for many years in which the farmer has not shared, and so far as the so-called farm subsidies are concerned at the present time they are very small, compared with the huge grants constantly being made to industry and commerce.

Were an attempt to be made to tax the farmers in the new tax bill in the same way that they have been taxed on their production by a lack of policy on the part of the Government, it would be a revolutionary procedure. For instance, in the last year or the last 2 years, the total value of the dairy products in this country has been approximately \$3,000,000,000. At the same time, had the dairy farmers received parity prices, they would have received four and a half billion dollars. In other words, because there was broad policy for the dairy people and the dairy farmers, they were assessed a loss of one and a half billion dollars in the 2-year period by being required to sell their products at less than parity. It was not, strictly speaking, a tax, but the general effect was the same as a tax would have been. This measure as amended will extend benefits to farmers who produce butter, cheese, pork, poultry products, and so forth, in insuring that the S. M. C. will buy at 85 percent or more, instead of buying by competitive bids below parity levels. The S. M. C. is purchasing extensively for Britain under the Lend Lease Act, and it will have to protect the prices on non-basic products in the same way as upon its purchases of basic products. Fur-

thermore, it will have to continue to maintain prices for 5 full years.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. CRAWFORD. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. MURRAY].

Mr. MURRAY. Mr. Chairman, I wish to compliment the chairman of this committee and also its members and the ranking Republican member, the gentleman from Michigan, the Honorable JESSE WOLCOTT; also the gentleman from Tennessee [Mr. GORE] for having the vision to broaden out the base of this suggested legislation. For 10 years we have had low agricultural prices. After listening to the campaign of 1932 I used to think that possibly it was on account of the Smoot-Hawley tariff bill, but since I have been down here and found that my southern friends like to increase tariffs, I have come to the conclusion that low farm prices must have been due to the fact that the present administration assumed control of the House of Representatives in 1930. Farm prices started going down as soon as the present administration assumed control of the House. In any event, we have had 12.9-cent cheese for the last 10 years, while we had 20.2-cent-per-pound cheese for 10 years before; we have had 26.7-cent butter for 10 years, and in the previous 10 years the price was 39.1 cents per pound. I have always tried to be in sympathy with the present agricultural program, and I have been accused of being a disciple of Mr. WALLACE by my Republican opponent when I was a candidate for this great office. However, following a program of constructive criticism, I have called attention many times to the fact that we are legislating for the few at the expense of the many.

On page 5488 of the CONGRESSIONAL RECORD of Tuesday, June 24, you will find a table that gives the exact importance and the percentage of the farm value of every crop produced in the United States of any importance. This table will show that the basic commodities, instead of being one-third, represented in the year of 1939, only 26.85 percent of the total value of agricultural products. Today, by adopting the amendment you have adopted, you have added another 38.15 percent of the farm products produced, making a total now, which is probably not the goal, but it will at least take care of 65 percent of the farmers of this country.

Now, there is one most important question involved here today. The Secretary of Agriculture has gone out and asked the farmers of this country to increase their production. He asked the cannatomato people to increase production by 50 percent. He asked the cheese producers to increase their production by 30 percent. He asked other groups to increase the production of pork and other products by 8 to 10 percent. Remember, the administration today, probably the first time in the history of this country, has direct control over all the farm markets in the United States. If the administration is going to assume control of the marketing of farm crops, it must assume the responsibility that goes along with it. If they are going to ask the

people of this country to furnish three or four or five hundred million dollars' worth of food to be sent to some other country, they should be willing to guarantee the man who produces it at least 85 percent of what it cost to produce it. I doubt if there is any economic group of our society that is being called upon at this time to furnish any ships or planes or anything else at 85 percent of what it cost to produce them. I doubt if any cantonnments will be constructed or any other group will be asked by our Government to produce at 85 percent of what it cost them to furnish their wares. As to farm products, it is not 85 percent of what it costs to produce them. It is only 85 percent of parity.

[Here the gavel fell.]

Mr. MURRAY. Mr. Chairman, I ask unanimous consent to put into the RECORD, at this point, a list of 23 price-fixing measures that have been passed by the Congress in regard to price-control regulation during the past 65 years.

The CHAIRMAN. The gentleman has that privilege without asking unanimous consent later.

Mr. MURRAY. The following is the list. It shows the acts that have been price-fixing in character, so this present act we now have under consideration is not any new step in price support or of regulation.

MEMORANDUM OBTAINED FROM THE NATIONAL FARMERS GUILD RELATING TO ACTS OF CONGRESS PROVIDING FOR REGULATION OF PRICES, RATES, WAGES, ETC., BY FEDERAL AGENCIES

There are 23 valid acts of Congress, dating from August 1876 to June 1938, which authorize and direct Federal agencies to regulate prices, rates, charges, wages, and services, directly protecting practically every economic group except agriculture. Agriculture remains the unprotected base of this economic pyramid.

H. R. 2371 and S. 570 applies the identical principle of Federal law to aid agriculture in maintaining a minimum price standard of equality in the marketing of their major products in interstate and foreign commerce. The existing acts of Congress as referred to are as follows:

Act of August 15, 1876 (19 Stat. 200, p. 5; U. S. C. 25: 261): Commissioner of Indian Affairs authorized to prescribe prices at which goods are to be sold to Indians.

Act of October 15, 1914 (38 Stat. 730, ch. 323, p. 2): Supplemented Antitrust Act of 1914, prohibiting difference in prices to purchasers to lessen competition, etc.

Act of June 3, 1916 (39 Stat. 213, p. 120; U. S. C. 50: 80): Secretary of War authorized to determine prices to be paid for military supplies in time of war.

Act of September 7, 1916 (39 Stat. 735, p. 18; U. S. C. 46: 817): Shipping Board (i. e., Maritime Commission at present) authorized to prescribe just and reasonable rates, fares, and charges of common carriers by water in interstate commerce.

Act of August 10, 1917 (40 Stat. 281, 284-285): Fixed guaranteed prices of wheat; authorized President to fix price of coal and coke during period of war.

Act of October 6, 1917 (40 Stat. 421 (c)): President authorized to fix prices of articles necessary for conduct of war produced under license to use processes, etc., owned or controlled by an enemy or ally of an enemy.

Act of February 28, 1920 (41 Stat. 483-487; U. S. C. 49: 6.15): Interstate Commerce Commission authorized to fix charges, etc., of common carriers in interstate commerce, etc. (Amended by act of March 4, 1927, 44 Stat. 1447, p. 2.)

Act of June 10, 1920 (41 Stat. 1073, p. 19, 20; U. S. C. 16: 812, 813): Federal Power Commission authorized to regulate charges of licensees under Federal Power Act if no State commission has such regulatory power.

Act of August 15, 1921 (42 Stat. 166-167; U. S. C. 7: 211, 212): Secretary of Agriculture authorized to prescribe charges, etc., of stockyard owners or market agencies in certain cases.

Act of September 21, 1922 (42 Stat. 1000, p. 5 (c, d)): Authorized Secretary of Agriculture to designate as "contract markets" governing boards which prevent misleading reports or manipulation of prices of grain in interstate commerce.

Act of June 25, 1926 (44 Stat. 769, ch. 674): Provided that owners of potash rights agree to market the potash products at a reasonable price.

Act of May 18, 1933 (48 Stat. 65, p. 12; U. S. Code 16:831k; Tennessee Valley Authority to fix schedule of resale prices in contracts for sale of surplus electric power.

Act of June 19, 1934 (48 Stat. 1072, p. 205; U. S. Code 47:205): Federal Communications Commission authorized to prescribe charges for communication by wire or radio or transmission of energy.

Act of June 6, 1934 (48 Stat. 889, p. 9) (Securities Exchange Act of 1934): Prohibited manipulation of security prices.

Act of August 14, 1935 (49 Stat. 649, ch. 532; U. S. Code, Supp. 7:218c): Act of August 15, 1921, above made applicable to live-poultry dealers and handlers.

Act of June 30, 1936 (49 Stat. 2036, ch. 881, 2039, p. 6; U. S. Code Supp. 41:35, 40): Secretary of Labor to determine minimum wages to be paid by Government contractors.

Act of April 26, 1937 (50 Stat. 77-81; U. S. Code Supp. 15:833): National Bituminous Coal Commission authorized to prescribe maximum and minimum coal prices for code members.

Act of June 3, 1937 (50 Stat. 247 (f); U. S. Code Supp. 7:608c): Secretary of Agriculture authorized to fix prices for milk.

Act of August 17, 1937 (50 Stat. 693, VIII): Amended antitrust laws relating to contracts in restraint of trade by providing that contracts prescribing minimum prices which are lawful in intrastate transactions are not to be rendered illegal in the resale of such commodity at the minimum price elsewhere.

Act of September 1, 1937 (50 Stat. 904, p. 201) (Sugar Act of 1937): Provided for regulation of sugar prices to consumers.

Act of June 21, 1938 (52 Stat. 822-824; U. S. Code Supp. 15:717c 717d): Federal Power Commission authorized to fix charges of natural-gas companies.

Act of June 23, 1938 (52 Stat. 955, p. 5; U. S. Code Supp. 46:1131): Maritime Commission authorized to prescribe minimum wage scales in contracts under Merchant Marine Act. Same (p. 964, p. 43; U. S. Code Supp. 46:845a): Maritime Commission authorized to prescribe rates, etc., of carriers subject to Intercoastal Shipping Act.

Act of June 25, 1938 (52 Stat. 1064, p. 8; U. S. Code Supp. 29:208): Administrator of Wage and Hour Division authorized to fix minimum wages.

Authority: Legislative Reference Service.

Mr. WILLIAMS. Mr. Chairman, I yield to the gentleman from Kentucky [Mr. SPENCE] such time as he may desire.

Mr. SPENCE. Mr. Chairman, this bill has been reported after we have had exhaustive hearings and long consideration. Section I extends the life of the Corporation to June 30, 1946.

Section II merely provides for the method by which the inventory and appraisalment shall be made each year.

Section III provides for an increase in the borrowing power of the Commodity

Credit Corporation from \$1,400,000,000 to \$2,650,000,000. The bill as originally drawn increased the borrowing capacity \$1,000,000,000, but because of the provision increasing loans from 75 percent to 85 percent of parity, it was increased an additional \$250,000,000. This 85 percent of parity, together with the Soil Conservation payments, theoretically at least, should bring the prices of agricultural products to approximate parity.

The five basic commodities are wheat, corn, cotton, tobacco, and rice. The base period for them is fixed by law and cannot be changed by administrative order. The base period for all nonbasic commodities is 1909 to 1914. The Corporation has a right to lend on and purchase nonbasic commodities as well as basic commodities. The Corporation has the authority under this bill to take such action as will do justice to the producers of nonbasic commodities, notwithstanding the base period.

The purpose of section IV is to establish an equilibrium, a uniform comparative price level between the prices of agricultural commodities, basic and nonbasic, in such manner that parity, if attained for basic commodities will be attained for all agricultural commodities, basic and nonbasic. Because of the emergency, the Secretary of Agriculture has found it necessary to encourage farmers to increase the production of certain crops. The farmers should be assured this increase will not work to their disadvantage.

Of course, parity is a difficult thing to establish and maintain by legislation. There is a constant fluctuation of the prices of agricultural commodities, there is a constant fluctuation of the prices of industrial commodities, and to maintain an equilibrium between them would be difficult indeed. To assist the farmer to obtain the prices for the things he sells comparable to the prices he has to pay for the things he buys, whether we can attain that object or not will have a beneficial effect. The more nearly we come to accomplishing it, the better off the farmer will be. The purpose of this section is to endeavor to attain that object. Everything we accomplish along that line will be of benefit to the farmer and of benefit to the country at large, even though we never can establish or maintain actual parity.

Industry can regulate its production to the demand. The farmer cannot regulate his production. He is dependent upon the seasons, droughts, pests, and livestock diseases, and many other things. He has his fat years and his lean years. Smaller acreage some years produces more than greater acreage in other years. It has been stated that if we had not given agriculture the character of assistance provided in this bill, there would have been an utter collapse of prices of agricultural commodities.

We cannot consider this as a matter of first impression. The policy has been adopted and maintained over a period of years. The loans of 85 percent of parity have been made mandatory by legislation. Unless we abandon a policy we have adopted and maintained for several years, there is nothing the Congress can

do other than to pass this bill. To abandon this policy now would be disastrous to the interest of agriculture and to the interests of all those dependent directly and indirectly upon agriculture.

The Corporation and the country are to be congratulated that the Corporation is now presided over by Hon. J. B. Hutson, a man of wide agricultural experience and of splendid ability and of great knowledge of agricultural needs.

[United States Department of Agriculture, Commodity Credit Corporation, Washington, D. C.]

SUMMARY DESCRIPTION OF THE CORPORATION AND ITS FUNCTIONS

THE CORPORATION

The Commodity Credit Corporation was formed pursuant to the provisions of the National Industrial Recovery Act under the President's Executive Order No. 6340, dated October 16, 1933. It was incorporated as an agency of the United States Government under the laws of the State of Delaware on October 17, 1933. All of the Corporation's capital stock is owned by the United States Government. Under the President's reorganization order effective July 1, 1939, the Corporation became part of the United States Department of Agriculture, and the exclusive voting rights of the Corporation's stock were vested in the Secretary of Agriculture under an Executive order of the President dated August 7, 1939. Prior to that time the Commodity Credit Corporation was an independent agency of the Federal Government. It was managed and operated in close affiliation with the Reconstruction Finance Corporation. All its loans, however, were made upon the recommendation of the Secretary of Agriculture and with the approval of the President.

The Commodity Credit Corporation has an authorized and paid-in capital of \$100,000,000. Under the act of August 9, 1940, the Congress increased the borrowing power of the Corporation on the credit of the United States Government to \$1,400,000,000.

The Congress has also provided for readjusting the net worth of the Commodity Credit Corporation to the amount of its \$100,000,000 capital once each year. This was done under the provisions of the act of March 8, 1938, by requiring that the Secretary of the Treasury appraise the assets and liabilities of the Corporation as of each March 31, and providing (1) that any deficiency of the Corporation's net worth under its capital of \$100,000,000 be restored through an appropriation, and (2) that any excess of the Corporation's net worth over its \$100,000,000 capital be paid into the general fund of the United States Treasury. For the purpose of determining its net worth this law requires that the commodities owned and held as security for loans be appraised at the market prices prevailing on March 31 each year. Pursuant to the provisions of this act, the Congress appropriated \$94,000,000 to cover a "deficit" in 1938, and an additional \$120,000,000 was appropriated to cover a "deficit" determined under the provisions of the act for 1939. In 1940, however, the Commodity Credit Corporation paid a "surplus" of \$44,000,000 into the Treasury of the United States to readjust its net worth, as determined under the provisions of the act, down to the amount of its \$100,000,000 capital.

It may be noted that, since these appropriations to cover "deficits" and the payment of "surplus" were based on the market prices of the commodities owned and held as security for loans on each March 31, they were primarily so-called paper losses and gains, rather than realized losses and gains. The actual losses incurred by the Corporation—that is, the losses realized upon the disposal of commodities—have amounted to only

about \$58,000,000 during the period beginning in 1933 and ending May 31, 1941. During this period the Corporation disbursed \$1,855,414,047.97 on loans, of which \$1,551,470,415.97 were collected either through the redemption of loans or the liquidation of collateral. The amount of capital funds which may be used for administrative costs is limited by the Congress in an annual appropriation bill.

NATURE OF COMMODITY CREDIT CORPORATION LOAN PROGRAMS

The Commodity Credit Corporation has made loans on butter, corn, cotton, dates, figs, hops, mohair, peanuts, pecans, prunes, raisins, rye, tobacco, turpentine and rosin, wheat, and wool. All loans made by the Commodity Credit Corporation have been secured by commodities pledged as collateral under either warehouse receipts or chattel mortgages, and in all instances the rate of interest charged the borrowing producer is now 3 percent per annum, which represents a reduction from the 4-percent rate which was in effect until November 1, 1939. Some purchases and several types of loans have been made. Some of the Corporation's loans were mandatory, and some were not. Some loans were made without recourse to the borrower, and some were not. Some loans were made to individual producers, and some were made to associations of producers. Some loans were made directly by the Corporation, and some were made indirectly through local private banks under a contract to purchase on the demand of the private lending agency.

Under the provisions of the Agricultural Adjustment Act of 1938 loans are mandatory, under certain conditions, on three commodities—namely, cotton, corn, and wheat. On cotton and wheat the minimum rate of the loan is 52 percent of parity price and the maximum rate of loan is 75 percent of parity, but within these limits the rate of loan is discretionary. In the case of corn, the rate of loan is fixed by a statutory formula with a maximum of 75 percent of parity price. Loans are also prohibited, under the provisions of the Agricultural Adjustment Act of 1938, on any of these three commodities with respect to which a vote has been taken on marketing quotas and has failed to be approved by a required two-thirds majority. Public, No. 74, Seventy-seventh Congress, approved May 26, 1941, provides for mandatory loans in 1941 upon cotton, corn, wheat, rice, and tobacco. Such loans are to be made to cooperators at the rate of 85 percent of the parity price of the commodities as of the beginning of the marketing year. Loans are to be made to noncooperators at the rate of 60 percent of the rate specified above. A further exception is made for cooperators outside the commercial corn-producing areas.

The law requires that all loans made to producers, pursuant to the provisions of the Agricultural Adjustment Act of 1938, on cotton, corn, and wheat be made without recourse to the borrower, except in the event of fraud. Loans made to individual producers on all commodities have been of the nonrecourse type. But some loans made to associations of producers, in which it was important to assure the services and facilities of the borrowing association in the liquidation of the loans, have been of the full-recourse type.

It is believed the Corporation's loan programs have three fundamental functions—namely, to protect and increase farm prices, to stabilize farm prices, and to assure adequate supplies of farm products. The loan programs have been closely integrated with other parts of the farm program in an effort to produce the maximum benefits for American agriculture and the Nation. Attached are copies of the President's Executive Order No. 6340 authorizing the formation of Commodity Credit Corporation; certificate of incorporation as amended; bylaws as amend-

ed; reorganization plan transferring Commodity Credit Corporation to the Department of Agriculture.

Mr. WILLIAMS. Mr. Chairman, I ask unanimous consent at this point to extend my remarks in the RECORD.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. WILLIAMS. Mr. Chairman, I am very much in favor of this bill. I believe the Commodity Credit Corporation has done more than any other governmental agency to secure a better price and to stabilize the price for the farmers of this country than any other operation that the Government has engaged in.

Mr. Chairman, this bill expands the borrowing capacity of the Commodity Credit Corporation. This agency was incorporated under the laws of the State of Delaware in 1933, pursuant to the provisions of the National Industrial Recovery Act, and operated as an independent agency in close cooperation with the Reconstruction Finance Corporation until 1939, when it was transferred by Executive order to the Agriculture Department and is now operated as a bureau of that Department. It has a capital stock of \$100,000,000, owned by the United States, and under present law may issue bonds to the extent of fourteen hundred million dollars. This amendment expands its note issue capacity to \$2,650,000,000, or an increase of one billion two hundred and fifty million. It does not in any way enlarge its powers or impose any new duties, except to place certain restrictions on its purchasing operations.

The primary work of the Commodity Credit Corporation is to make loans to producers of agricultural products such as cotton, corn, wheat, tobacco, prunes, wool, mohair, and takes either a warehouse receipt or chattel mortgage against these commodities as security. The farmer pays 3 percent interest on these loans. The loan may be made direct by the Corporation to the farmer or the loan may be made by a local bank to the farmer under an agreement between the bank and the Corporation that the latter will take up the loan upon request by the bank at any time. This last method is the way most of the loans are made and is in effect a guaranty of the loan by the Corporation to the bank. The Corporation enters into an agreement with the bank that if the bank will make the loan to a farmer in accordance with the plans and upon certain conditions and limitations prescribed, the Corporation will redeem the loan if the farmer does not pay. In case of default by the farmer, the bank calls upon the Corporation to redeem the loan. The bank is then paid its money by the Corporation, and all the rights and interest of the bank under the loan are assigned to the Corporation. The loan may then be renewed. If not, the commodity given as security for the loan passes into the hands of the Corporation. Many of these loans are paid off to the bank, and the Corporation is not affected in any way. The bank advances the money to the farmer and takes a chattel mortgage on the commodity, corn or whatever it is,

as security. If the commodity is corn, it is normally stored and sealed in an approved crib on the farm. If, when or before the obligation is due to the bank, the farmer pays the bank in full, of course the mortgage is released and the possession of the commodity restored to the farmer. For that loan the farmer has paid 3 percent interest. Who gets the interest? On grain loans the bank gets 1½ percent and the Corporation gets 1½ percent. In this instance the bank puts up the money and gets 1½ percent interest. The Corporation puts up nothing and gets 1½ percent on the loan, but that may be considered the premium on the insurance which is given the bank by the Corporation. Now, take the case where the loan is made by the bank, the same as above, but at maturity of the note the farmer does not pay or in the event the bank for any reason needs the money, it calls upon the Corporation which must pay the bank the amount due on the loan and take over the security. As long as the bank carries the loan, it receives the 1½ percent interest and the Corporation receives 1½ percent, but when the Corporation takes over the loan, of course the interest to the bank stops and from then on the Corporation receives the full 3 percent.

So far in its operations the Corporation has made loans of over \$2,150,000,000, and to date, based upon the present market value of the commodities owned by the Corporation, there has been little, if any, loss. Of the entire amount of loans made, \$925,000,000 have been liquidated, either by payment or foreclosure and sale, while the Corporation has on hand at the present time commodities of the approximate value of \$645,000,000 and the Corporation has loans outstanding to the amount of \$580,000,000.

It is estimated that the Corporation will have available on June 30, 1941, \$231,000,000 and it is estimated that the loan requirements for 1941 will be \$1,481,000,000, which leaves \$1,250,000,000 called for in this bill.

The loan demands for this year cannot be forecast with entire certainty or absolute accuracy. But based upon experience and present conditions estimates have been made as to the amount of loans which will have to be made on the 1941 crop. These estimates show aggregate loans of almost one and a half billion dollars will be required to meet the needs. At the present time practically all the lending capacity of the Corporation has been utilized. What the Corporation now has available will not go far toward meeting the estimated demand of one and a half billion dollars in loans. It must be remembered that these loans are mandatory. Made so by law. Now the question is, if the Corporation is to make loans on 1941 crops in accordance with law, it simply must have the authority to raise the money.

Under the Agricultural Adjustment Act, the Corporation is directed to make available to cooperators, those who subscribe and adhere to the agriculture program, loans on wheat, corn and cotton, rice and tobacco, all the basic agricultural commodities. These are called

mandatory loans and must be made at 85 percent of the parity price of these commodities. The Corporation is in the anomalous position of being commanded by law to make loans and at the same time has no money with which to make them. It cannot do the impossible. If additional lending capacity is not to be given then the loan provisions must be repealed and the work of the Corporation curtailed if not stopped.

The Commodity Credit Corporation was created primarily to assist in stabilizing commodity prices. One of the most difficult and disturbing things the farmer has to contend with is the insecurity and rapidly changing commodity price level. It is hard to operate and to plan for the future with the price of cotton fluctuating from 16 to 5 cents a pound, with the price of wheat changing from \$2 to 30 cents a bushel, and the price of corn dropping from \$1.50 a bushel to 10 cents. There can be no certainty or security under such conditions. The Commodity Credit Corporation has done much to level these peaks and valleys, to smooth out these extremes. Of course, it is much better, if possible, to have a fair price year after year than to have boom prices one year and depression prices the next.

By making loans on commodity securities, large surpluses can be removed from the market and ruinous price drops be avoided. Then, in time of scarcity, the products can be fed to the market in an orderly way and an excessive price be prevented and the consumers saved from a rapid rise in the cost of living. No one will contend that the Commodity Credit Corporation is a complete regulator of prices on the commodities market but I think it must be admitted that it has a helpful and a stabilizing influence and that its operations should not only be continued but should be increased and broadened in these difficult times when trade relations and policies are uncertain and changing. The only way that can be done is to extend the lending capacity of the Corporation as provided for in this bill.

The Clerk read as follows:

Be it enacted, etc., That section 7 of the act approved January 31, 1935 (49 Stat. 4), as amended, is hereby amended by deleting from the first sentence thereof the term "June 30, 1941" and inserting in lieu thereof the term "June 30, 1946".

Mr. SMITH of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Ohio: On page 1, line 6, after the word "term", strike out "June 30, 1946" and insert "June 30, 1943."

Mr. SMITH of Ohio. Mr. Chairman, I am not going to discuss this amendment very much. It speaks for itself.

I am one of those who still believes that it is possible to eventually liquidate these political agencies. I listened intently during the hearings to the various witnesses who appeared before our committee, and I did not hear a single expression from any of the witnesses indicating there was any reason for extending this time to 1946. Therefore, I believe to extend it for a period of 2 more years will

be adequate, and I am asking the Members to support my amendment.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Ohio. I yield.

Mr. CRAWFORD. If I felt it was the intent of Congress to make the Commodity Credit Corporation operations a temporary matter to deal with the so-called short-term emergency situation, I certainly would be willing to go along with the gentleman's amendment. But I get the definite idea fixed in my mind that no longer does the Congress, or the farmers, or the trade, the merchants, the processors, the millmen, the brokers, and the warehousemen, consider this a temporary operation, but I think they consider it a permanent program of agriculture in the United States, and that that idea is fixed permanently in what we have done heretofore, and the fact that we are making no other plans whatsoever in behalf of agriculture of consequence. Now, if the idea I get is to be the program, it seems to me it would be dangerous for us to use 1943 instead of 1946.

Mr. SMITH of Ohio. Of course, vested interests have established themselves. There is not any question that we are on the road to totalitarianism. That is really what the gentleman from Michigan said in substance.

[Here the gavel fell.]

Mr. WILLIAMS. Mr. Chairman, I rise in opposition to the amendment.

I think it would be very disastrous to adopt that amendment at this time under conditions that exist in this country. This bill came to us in the first place without any limitation at all on the time. The matter of time was thoroughly considered before the committee with representatives of the Department of Agriculture and also the Farm Bureau.

The very minimum time anyone would agree to was the 5-year limitation; and there was a reason for that, of course, in order to give those interested in the program, especially the farmers of the country—and they are the ones primarily interested—an opportunity to make their plans in accordance with the provisions of the bill. To cut the time short, especially under existing conditions, would be simply disastrous to the program.

I hope this amendment will be voted down.

Mr. GEHRMANN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I did not intend to take any time on this bill. Much as I should like to go along with the gentleman from Ohio—and I usually agree with him—in this case I absolutely cannot, because without protection the farmer, when this war ends, will have the same experience he had at the close of the last war. The Government is asking the farmers to increase production in order that we may provide needed food to other democracies in the world. When the end comes this increased-production program will be stopped, and when the crash comes there will be no protection, not even that gained under this bill. I do not care so much about the 85 percent of parity, for I imagine that during the war we shall not

need to make use of it, for the demand for goods will certainly keep the price up to 85 percent of parity.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. GEHRMANN. I yield.

Mr. CRAWFORD. And for the very reason the gentleman has so well stated I question the advisability of putting in even the 1946 limitation.

Mr. GEHRMANN. I agree we should remove the limitation altogether, because of the language contained in the bill on page 2, line 24. It reads as follows:

Any such commodity loan or purchase operation which is undertaken shall be continued until the Secretary has given sufficient notice to the producers of such commodity to permit them to make a readjustment in the production of such commodity.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. GEHRMANN. I yield.

Mr. GORE. Does the gentleman not believe that in this period of economic shifting and unrest the Commodity Credit Corporation is an instrumentality of Government which may well become a permanent agency of Government?

Mr. GEHRMANN. The gentleman is absolutely correct. I should like to see this limitation to 1946 removed, but certainly we do not want to go beyond that and cut it down to 1943, for then we would not have any protection at all. For these reasons, I am sorry, but I have to oppose the amendment.

Mr. CUNNINGHAM. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I am very much in favor of this bill as one of the least things we can do for the farmer. I am very much in favor of expanding this Corporation and having it remain an adjunct of the Government until such time as we repeal another arm of the Government created by the Congress many years ago that in my opinion is responsible for the present plight of the farmer. That did not come about in 1932, or 1931, or 1930. I was interested in the remarks of the gentleman from Massachusetts [Mr. GIFFORD], also those made by the gentleman from Oregon [Mr. PIERCE], who asked him to discuss the agricultural situation in 1932.

The distress of the middle western farmer did not come about because of anything that happened in 1932, or the 4 years preceding, nor was it because of anything that happened during the Coolidge or the Harding administrations. It came about because of the creation of an arm of the United States Government during the Wilson administration, and I refer to the creation of the Federal Reserve System. In 1920, on the 31st day of March, I was lunching with a banker in my State. We were talking about conditions in agriculture, and he told me: "We got terrible news today." I asked, "What is that?" He said, "We just received notice that the Federal Reserve Board has raised the rediscount rate from 6 to 7 percent." I asked, "Is that bad news?" He said, "That will break every farmer in Iowa." That is when the back of the American farmer commenced to

break, because conditions began to change adversely to him immediately thereafter and it was only a short time until the price of corn had dropped from over \$1 per bushel to 33 cents per bushel. During the period prior to that time the Federal Reserve Board adopted the policy of having the bankers of the Middle West encourage the farmers to borrow money and they would rediscount the paper through the Central Federal Reserve Bank. When a farmer wanted to borrow \$100 he was encouraged to borrow \$200. When he wanted to borrow \$500 he was encouraged to borrow \$1,000, and was told there was plenty of money and they could always rediscount the paper. The average farmer planned an expansion program. In the midst of his program he was suddenly advised he could get no more money and must pay back what he had already borrowed. Following that, the Federal Reserve, in the early twenties ruled that first-mortgage farm paper was not good collateral.

I say to you that an arm of the Government, created by this Congress, which gives to a body of a few men the right to control the value of money by raising and lowering the purchasing price of the American dollar, is what started the farmer on the downward road, coupled with the further ruling that mortgages on farm land were not good security. Since this body is responsible for doing that, until it is ready to recall to itself the power to control and to regulate the value of money, as was given it by the Constitution of the United States, then we should continue this Corporation to help the farmer because it was the act of this body that put the farmer in distress.

Mr. PIERCE. Will the gentleman yield?

Mr. CUNNINGHAM. I yield to the gentleman from Oregon.

Mr. PIERCE. Will the gentleman admit that there was nothing done during the administrations of Coolidge and Hoover to correct that wrong?

Mr. CUNNINGHAM. That is right, but the wrong was started during the administration of Woodrow Wilson by the creation of the Federal Reserve Banking System.

Mr. PIERCE. Nothing was done until the present administration came into power?

Mr. CUNNINGHAM. Nothing has been done by the present administration to correct the wrong that was created by Woodrow Wilson. Correcting one wrong by adding another wrong does not solve the problem.

Mr. PIERCE. It is a farfetched song to go away back to 1920 and the economic disaster of that time.

Mr. CUNNINGHAM. A little further back than the gentleman did when he referred to 1932.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. SMITH].

The amendment was rejected.

The Clerk read as follows:

SEC. 2. Section 1 of the act approved March 8, 1932 (52 Stat. 107), as amended, is hereby amended by deleting from the second sentence thereof the term "on the basis of

market prices at the time of appraisal" and inserting in lieu thereof the term "on the basis of the cost, including not more than 1 year of carrying charges, of such assets to the Corporation, or the average market prices of such assets for a period of 12 months ending with March 31 of each year, whichever is less."

Mr. KEAN. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. KEAN: Page 2, line 1, after the word "including", strike out the words "not more than 1 year of" and insert the word "all", so that the sentence will read "on the basis of the cost, including all carrying charges."

Mr. KEAN. Mr. Chairman, I hope the gentleman from Alabama will accept this amendment, because that is the way he explained to the committee that the section would be interpreted.

Mr. STEAGALL. Mr. Chairman, I cannot take the authority to accept the amendment. I am not sure that I can tell just what the effect of the change will be. I did say I thought the language requiring ascertainment of the assets and liabilities of the Corporation was all that was necessary, and I still think that. At my suggestion, the original bill was cut down considerably in point of space. Certain it is there can be no objection to taking the carrying charges for a year. I do not know just what the various bookkeeping transactions are that might enter into a calculation with respect to the carrying charges. There has been so much done and said about it, and over a number of years, that I do not know what the effect of that will be.

Mr. KEAN. I have a letter from the Commodity Credit Corporation in which it states it would only charge the expenses for 1 year. For instance, if they had cotton which they have held for 5, 6, or 7 years, only the first year's carrying charges would be charged; therefore, it would be on the books at a lower price, which would be phony bookkeeping, as I look at it.

Mr. STEAGALL. This bill does not relate to cotton loans.

Mr. KEAN. Not only to cotton, but to any commodity that they happen to have on hand and that stayed there for a long time. This provision would make an entirely false picture of the situation. All my amendment would do would be to continue the system which is now being carried on as far as the appraisals are concerned.

Mr. STEAGALL. If it is to continue the system that is carried on now, the amendment is not necessary, because it cannot be more than 1 year after the passage of the act. I do not know what the situation is with respect to wheat, corn, and the other commodities. I could not accept the amendment.

Mr. PATMAN. Will the gentleman yield?

Mr. KEAN. I yield to the gentleman from Texas.

Mr. PATMAN. Is it not a fact that under existing law they take the market price at the time of appraisal? This is really a great addition by saying "1 year's carrying charges, including storage."

Mr. KEAN. No. They take the market price or they take the cost price. The proposed bill says "on the basis of the cost, including not more than 1 year of carrying charges."

Mr. PATMAN. That is the proposal.

Mr. KEAN. That is the proposal. All I want to do is to say "on the basis of the cost, including all carrying charges, of such assets" or the average market price.

Mr. PATMAN. The gentleman will admit he does not know what the effect of the amendment will be.

Mr. KEAN. Oh, yes.

Mr. PATMAN. The committee did not consider it. The gentleman did not bring it up in the committee.

Mr. KEAN. I did bring it up in the committee and the chairman of the committee insisted that what I am trying to bring about was the meaning of the bill.

Mr. PATMAN. Did the gentleman interrogate witnesses from the Agricultural Department as to the effect of it?

Mr. KEAN. I did not.

Mr. PATMAN. The gentleman probably does not know what the effect will be, neither does any member of the committee; therefore, I hope he will not insist on the amendment. It will possibly have far-reaching effects that we are not acquainted with.

Mr. KEAN. It does not have far-reaching effects, because it continues exactly the way they figure it now. It is phony bookkeeping if you are not going to charge to each commodity the cost for storage, insurance, and all those other items.

Mr. Chairman, I hope the amendment will be agreed to.

Mr. DIRKSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the amendment offered by the gentleman from New Jersey [Mr. KEAN] is very, very important, because the basic act in the first instance undertook to approve a survey of the capital structure of the Commodity Credit Corporation for the purpose of determining the impairment of capital. When it is impaired they come to Congress, they make a report, then by necessary legislation and appropriation we repair their capital structure. We have done it several times.

The amendment proposes nothing more than to ascertain the exact outlay of the Commodity Credit Corporation, whether it be on prunes, peanuts, resin, turpentine, wheat, cotton, or what it is, but I cannot see for the world how you can ascertain the exact cost of this thing to the Federal Treasury unless you add all carrying charges. They are carrying some corn from 1938. I think they are carrying some of the 1938 peanut crop. They are probably carrying cotton back to 1937. All that can be ascertained from the records. But why should we fool ourselves and fool the American public by putting a provision in here which allows only 1 year of carrying charges and which, in the language of the gentleman from New Jersey, is "phony" bookkeeping. You are not going to fool anybody. We might just as well find out what the cost of the

freight is going to be in the first instance. If there are 4 years of carrying charges, put it in. We are going to repair the loss anyway, but I should like at least to see how much the loss actually is. It may be pretty painful to repair, but let us gather up all of the cost and put it in and swallow our medicine as we should, because we have authorized it under basic law.

I think the amendment is very important, and I hope it will be adopted.

Mr. STEAGALL. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Alabama.

Mr. STEAGALL. Let me say to the gentleman that we are not dealing with losses. The Corporation is operating at a profit.

Mr. DIRKSEN. I know that.

Mr. STEAGALL. That is not in dispute. Let me say to the gentleman that as far as the matter of cost is concerned, if the Corporation were to dispose of all the holdings it now has on the basis of present farm prices, they estimate \$100,000,000 of profit would accrue to the Corporation.

Mr. DIRKSEN. I do not kick about that. I just want to see what the balance sheet shows, and I want it to reflect an accurate picture of this governmental transaction. That is all that is involved in the amendment offered by the gentleman from New Jersey.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from California.

Mr. THOMAS F. FORD. The gentleman says that we have made up losses heretofore. Assuming that we have, then we would have included those charges up to that time, and they are wiped off the books, that is true. Now we start the new year, and we say we will include 1 year's carrying charges, and each year we will do the same thing; so the charges of the previous years are covered.

Mr. DIRKSEN. By the gentleman's own admission, what can be the objection to this amendment if it is going to get a good statistical picture for the Congress? Any other approach to this thing is faulty, it is fallacious, and it is not fair to the Congress or to the American people.

Mr. THOMAS F. FORD. The gentleman is asking for a faulty situation, because this thing has been computed before. Now you are going to recompute it and add to it.

Mr. DIRKSEN. Despite the fact that my friend has listened to the hearings on this bill, he does not realize that some of those losses were not reflected when we last repaired the capital structure, because the cotton, for instance, had not been liquidated or the losses ascertained.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Texas.

Mr. PATMAN. The gentleman will notice that this is an amendment to section 1 of the act of March 8, 1938. I am in accord with the gentleman's views. We should know at all times what has been expended on these different commodities.

Mr. DIRKSEN. Then the gentleman ought to vote for this amendment.

Mr. PATMAN. We have that information available. This is for a different purpose. This is for the purpose of determining whether or not the capital stock is impaired below \$100,000,000. If it is, of course we shall have to put up more capital stock. This is for a different purpose. It is entirely for a different purpose from what the gentleman is talking about.

Mr. DIRKSEN. I suppose I would make a poor bookkeeper to hear all this talk over here, but I do not see how Congress is going to get this picture unless every element of cost, whether it is 5 years ago or 1 year ago, has been reflected in the estimate in order to get this thing before the people and the Federal Treasury.

I believe this is an important amendment, and it ought to be adopted.

The question involved is not whether losses to the Treasury in other years will be larger or smaller. The real question is that every commodity should be charged with whatever carrying charges and costs have accrued so that when it is finally liquidated it will be possible to determine the net loss on such commodity, if there be any. It might prove to be a very distasteful picture, but it will be some stimulus in finding the kind of a farm program which can be made to work without too great a dependence on the Federal Treasury.

Mr. STEAGALL. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, in the past there has been an annual casting-up of the accounts of the Corporation on the 31st day of March each year, under the law which requires the Corporation to report to the Treasury the amount of any impairment of its capital stock or, on the other hand, to turn into the Treasury the amount of any profit. Those accounts were closed for the past years. They are finished transactions. The books are closed. There is no way by which we can proceed intelligently now in keeping the books except on an annual basis as provided by this bill. That is what is undertaken. This is surplus language.

Mr. GIFFORD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this amendment is very interesting to me. If you read the bill, you will see that there is a provision here that states that they will add only 1 year of carrying charges instead of charges in some cases for 6 years. If this is done, it might be lower or higher than the average market price for the period and prove more favorable to the financial report of the Corporation.

The very language convicts it of its purpose. I am surprised that the chairman should tell you that these books are closed on the 9,000,000 bales of stored cotton. I tried to tell you earlier in the day that the books had been closed on only a small amount that had been actually disposed of. They boast that they have lost only \$67,000,000.

I talked about those millions of bales of cotton that they have held there for many years and that are to be held for many years more. They must not hide

the cost of that cotton under only 1 year's added cost of storage. The very language convicts it of its purpose.

They have closed the books only to cotton which is sold and out of their hands. They have not reckoned the tremendous loss we are going to meet on what we still hold. I say to the House it is too painfully evident that 1 year's storage is not the true cost of this cotton and this language conveys doubt in our minds as to its real effect. Let us not mislead the public in this apparent resort to a fictitious value being placed on the commodity.

Mr. PATMAN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, if the Members will refer to page 2 of the report on this bill it will be noticed that this amendment is to section 1 of the act of March 8, 1938, as amended, and is for one purpose only and that is to advise the President whether or not the net worth of the Commodity Credit Corporation is less than \$100,000,000. If it is, the Secretary of the Treasury of the United States shall restore the amount of such capital impairment by a contribution to the Commodity Credit Corporation in the amount of such impairment.

As I understand it, these charges are paid every year and are charged up against the Commodity Credit Corporation. So, in determining whether or not the capital stock is impaired, I am at a loss to understand how it would be material to carry charges against that capital stock that have already been paid and have already been charged as a loss against the Commodity Credit Corporation.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. In just a moment.

I am in accord with the view expressed that we should at all times know the charges that have been paid on each commodity, but that information is available now. You can get it over the telephone or you can get it by correspondence and you can get it as to each item. No one is hiding anything and no one is concealing anything. This is for the sole and only purpose of determining whether or not the capital stock is impaired. If so, and the capital stock is worth less than \$100,000,000, efforts then shall be made to restore the capital stock to \$100,000,000.

I now yield to the gentleman from Georgia.

Mr. BROWN of Georgia. At the end of the year suppose a bale of cotton costs \$50 and the charge is \$2, it would then be entered at \$52, and the carrying charges of that year would be counted in the cost.

Mr. PATMAN. Yes; so why add up these charges for several years and charge them against the capital stock when the charges have already been paid and the loss has been accounted for? I think the gentleman is mistaken about that.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Massachusetts.

Mr. GIFFORD. That is done to make the figure favorable and that is the

reason you take the average market prices. That may be valuable to them some year.

Mr. PATMAN. I think we are talking about different things.

Mr. GIFFORD. I am talking about the objects of this.

Mr. PATMAN. The gentleman was talking about getting information as to these charges and there is no trouble about that.

Mr. GIFFORD. The gentleman is simply talking about the results.

Mr. PATMAN. We are talking about whether or not the capital stock is impaired and whether or not it should be restored.

Mr. GIFFORD. I am talking about the object in doing it this way to bring about more favorable results sometimes.

Mr. PATMAN. So, Mr. Chairman, I respectfully suggest that since this is for the purpose of determining whether or not the capital stock is impaired, it is not necessary to have this amendment, and it is possible that it might have disastrous consequences. I do not know what the effect of it might be. It might be we would have to restore capital stock that should not be restored. If we had \$15,000,000 or \$20,000,000 in charges that had already been paid and charged that as a loss against the capital stock it would just require us to be out that much more money to restore the capital stock. Therefore the amendment, it occurs to me, is clearly out of order, and is not reaching the point that is desired, and I suggest that the amendment be defeated.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Illinois.

Miss SUMNER of Illinois. It seems to me that there is a difference when it is a matter between the Treasury and this Corporation. The law will require us to refund to the Treasury, and I am wondering if this amendment will not cost the Treasury more money.

Mr. PATMAN. It may cost the Treasury \$15,000,000 or \$18,000,000 a year, because we may not only carry it as a loss against the Commodity Credit Corporation, but we would also restore that amount to the capital stock and that is unnecessary.

Miss SUMNER of Illinois. And as it is now, we will come in here and appropriate more money.

Mr. PATMAN. For these carrying charges, yes.

Miss SUMNER of Illinois. While under the amendment they could go before the Appropriations Committee and get more money out of the Treasury.

Mr. PATMAN. In other words, this would require us to restore capital stock that is not impaired. We are carrying storage charges and this would mean impairing our capital stock when there has been no impairment of our capital stock at all.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. CRAWFORD. I do not believe the gentleman meant to say that this would cost the Treasury \$50,000,000 or \$60,000,000.

Mr. PATMAN. No; I did not say that, or if I did, I was mistaken. Of course, I do not know how much it would cost, but we do know it would cost something. It would cost the amount of the storage charges that are already carried as a loss each year.

Mr. Chairman, I ask that the amendment be defeated.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey.

The question was taken; and on a division, demanded by Mr. KEAN, there were, ayes 33, noes 62.

So the amendment was rejected.

The Clerk concluded the reading of the bill.

Mr. BROWN of Georgia. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BROWN of Georgia: Page 2, line 14, after the words "available to him", insert "for the disposal of agricultural commodities."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Georgia.

The amendment was agreed to.

Mr. DEWEY. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. DEWEY: Page 3, after line 9, insert:

"SEC. 5. It is hereby declared to be the policy of Congress that the Commodity Credit Corporation shall, insofar as consistent with a program of increase and stabilization of farm prices and the assurance of an adequate supply of farm products, and subject to such other limitations as are imposed by law upon the sale by the Corporation of commodities held by it, liquidate in an orderly manner the stocks of Government-owned commodities held by it whenever market prices for such commodities attain a level sufficient to reimburse the United States for all amounts expended by it with respect to such commodities. Any limitation on the number of bales of cotton which may be sold by the Commodity Credit Corporation in any month or in any calendar year is hereby abolished."

Mr. DEWEY. Mr. Chairman, the purpose of this amendment is to have the Commodity Credit Corporation take advantage of such market conditions that may occur during the period for which this bill is enacted. There is at the present time in the Agricultural Adjustment Act under section 381 (c) the following item:

The Commodity Credit Corporation is authorized on behalf of the United States to sell any cotton of the 1937 crop so acquired by it, but no such cotton or any other cotton held on behalf of the United States shall be sold unless the proceeds of such sale are at least sufficient to reimburse the United States for all amounts (including any price adjustment payments) paid out by any of its agents with respect to the cotton so sold. After July 31, 1939, the Commodity Credit Corporation shall not sell more than 300,000 bales of cotton in any calendar month or more than 1,500,000 bales in any calendar year. The proceeds derived from the sale of any such cotton shall be used for the purpose of discharging the obligations assumed by the Commodity Credit Corporation with respect to such cotton, and any amounts not

expended for such purpose shall be covered into the Treasury as miscellaneous receipts.

I think, Mr. Chairman, that the Commodity Credit Corporation has the responsibility of stabilizing prices, as well as the bringing of prices to parity.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. DEWEY. Yes.

Mr. PATMAN. Would the gentleman agree to an amendment that would provide that no sale shall be made below the parity price?

Mr. DEWEY. I would agree to that, but I want to take out the restriction on the amount that may be sold at a given time. You have a restriction here to the extent of 1,500,000 bales. There are 4,500,000 bales of 1937 cotton owned by the Government and under this restriction it would take 3 years to dispose of them, no matter whether the cotton went to \$1 a pound or not. I merely want to take out the restriction and leave an orderly procedure in the hands of the Commodity Credit Corporation to handle the whole matter.

Mr. PATMAN. The gentleman is willing to protect the price by providing it shall not be sold below parity?

Mr. DEWEY. I still want to know what is the gentleman's position with regard to the amount.

Mr. PATMAN. The amount would still be unlimited, the restriction would be removed, but no sale would be made below parity.

Mr. DEWEY. I am perfectly in agreement that the farmer should receive parity price. The purpose of my amendment is to remove the amount restriction on cotton.

Mr. COFFEE of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. DEWEY. I yield.

Mr. COFFEE of Nebraska. I notice your amendment applies to any commodity.

Mr. DEWEY. It does, but there is only a restriction on cotton, as to the amount.

Mr. COFFEE of Nebraska. But under your amendment the Commodity Credit Corporation would be told to liquidate wheat on which it has loaned 56 percent of parity and on which now, under recent legislation, they are making 85 percent of parity loans. This amendment of yours, in my opinion, would force the Commodity Credit Corporation to liquidate that wheat which it now holds at a price under the loan level that has been recently provided.

Mr. DEWEY. I have no intention of having this amendment—and I do not think it does—force the Commodity Credit Corporation to do anything but follow the procedure laid out in the entire bill as to bringing prices to parity and maintaining them there. But I would like to see, when opportunity arises, the Commodity Credit Corporation distribute the large stocks over and above requirements.

Mr. COFFEE of Nebraska. Let me point out to the gentleman this wording of your amendment:

It is hereby declared to be the policy of Congress that the Commodity Credit Corporation shall * * * liquidate in an

orderly manner the stocks of Government-owned commodities held by it whenever market prices for such commodities attain a level sufficient to reimburse the United States for all amounts expended by it.

[Here the gavel fell.]

Mr. FULMER. Mr. Chairman, I rise in opposition to the amendment.

I am sure the distinguished gentleman from Illinois [Mr. DEWEY] means well, but if this amendment is agreed to, then you put the Commodity Credit Corporation in this position: Recently we passed a bill giving wheat farmers and cotton farmers an 85-percent parity program, by way of a loan. This year's crop of wheat is going on the market now and this year's cotton will be on the market by the first of August. If you force the Commodity Credit Corporation, or pass this amendment, thereby encouraging them to sell cotton and wheat that they have in storage, in competition with this year's wheat and cotton, what do you do? You force the market down to the loan figure or below the loan figure, and you simply force the wheat farmers and the cotton farmers to put their 1941 cotton and wheat in storage. In other words, it would be a merry-go-round. Selling out of the warehouses, holding prices down, and forcing the present crop into storage. If they will hold their cotton and wheat off and stay out of competition with this year's crop of wheat and cotton, no doubt the farmers will get the loan figures, 13.60 for cotton, and 97 cents for wheat and perhaps a higher price. But if you put the cotton belonging to the Government now in storage on the market, you are going to force the wheat farmer and the cotton farmer to load the wheat and cotton produced this year into storage and it will operate just as a merry-go-round.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. FULMER. I yield.

Mr. BROWN of Georgia. Mr. Chairman, I entertain the same view as the gentleman from South Carolina [Mr. FULMER]. The gentleman from Illinois [Mr. DEWEY] entertains other views. We have not had any hearings at all. The gentleman from Illinois is a member of this committee. This is the first time this question has been propounded to the committee. Therefore it is certainly very dangerous at this particular time to adopt such an amendment.

Mr. FULMER. I would like to state to the gentleman from Georgia that I agree with him and I agree with the gentleman from Illinois, that when the proper time comes to liquidate the wheat and cotton belonging to the Government in the proper manner and at the proper time, it should be done. But it would be foolish on the part of the Corporation to put into competition with this year's production that which they have in storage, which would force the price down below the loan figure, or, in other words, force the wheat and cotton produced this year into storage.

Mr. COFFEE of Nebraska. Will the gentleman yield further?

Mr. FULMER. I yield.

Mr. COFFEE of Nebraska. Is it not a fact that it would cause the Commodity Credit Corporation itself great losses by forcing this very wheat on which they loaned 56 percent of parity last year, on the market at a price that would undermine the loan structure this year, on which they are loaning 85 percent of parity, and in turn would create a loss for the Commodity Credit Corporation; whereas otherwise the price of wheat could be maintained at 85 percent of parity?

Mr. FULMER. The gentleman is correct. Eighty-five percent of parity or perhaps a little profit in addition to that, depending on the size of the crop this year and how the farmers feed it into the market.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. FULMER. I yield.

Mr. CRAWFORD. On the cotton which is in storage, where storage charges for the years subsequent to the first year are lower per month than during the first year, this amendment would also, by throwing out the old crop and bringing in the new crop to the turn-over, as the gentleman has described, create an additional storage charge.

Mr. FULMER. Absolutely. In the next place, there would be a certain amount of expense on the part of the farmer in putting wheat and cotton into storage in the first instance. When you put this wheat and cotton out in competition with this year's crop you force them into storing this year's crop, and at an additional expense, and, as stated by the gentleman, there will be an additional expense on the part of the Commodity Credit Corporation.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I have great respect for the ability and the purpose of the gentleman from Illinois who has proposed this amendment; however, it is hard to believe that he is familiar with all the possible results that might follow. The Commodity Credit Corporation has a total now of about 6,100,000 bales of cotton. On the 1st of April the Corporation carried loans on something like 3,000,000 bales of cotton. The last amount has been reduced considerably, but there is still something like 1,400,000 bales of cotton remaining in the loan and over 6,000,000 bales of cotton owned by the Commodity Credit Corporation.

The only thing that protects the market today is the pledge of loans by the Government on the new crop on the basis of 85 percent of parity, the decrease in the amount of cotton produced under the control program, and the assurance that the cotton held by the Commodity Credit Corporation cannot be dumped on the market. This is true of the entire farm program. If we pull down the bars and adopt the policy that is involved in this amendment, it means to tear down the safeguards that have been built up around the five basic farm commodities in the United States. It is not merely the loan that protects the cotton market, and it is not the actual savings or the actual policy determined on any day that might come

about as the result of this amendment that affects the cotton market.

The cotton held by the Commodity Credit Corporation, if this amendment were adopted, would be just like that same amount of cotton held by the farmers of the United States. It frees that cotton so it could be dumped on the market any day in the year, and the buying world, the consuming public, could not know one day what would happen the next. The result would be, immediately following the adoption of this provision, to throw into the situation the same thing that would result if you had a vast increase in the amount of free cotton in the hands of the farmers of this country. If this happened there would inevitably be a big break in the cotton market and it would defeat the cotton program that has been so successfully, so industriously, and so intelligently worked out during these years. Also, it would involve the Treasury of the United States in a loss, because the only way the Treasury can escape losses on its investments in cotton is to work out this problem, as is being done. The Government is now in partnership with the farmers in the ownership of the cotton. This amendment would establish a policy that would operate against the value of the cotton in the farmers' hands and that would operate against the value of the cotton in the Government's hands. The Commodity Credit Corporation is working out this problem. If we stand by our guns and adhere to the policy on cotton which we now have and maintain the laws on the statute books, it will be only a little while until the Government will be out of this transaction without any loss and farmers at the same time will be protected in their markets and the prices of our basic commodities of cotton, corn, wheat, tobacco, and rice will be protected against dumping on the market.

[Here the gavel fell.]

Mr. MURDOCK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I hope this amendment will be defeated.

The very purpose of the Government in taking over the storage of cotton to protect the market would be thwarted if this amendment were adopted. It may be, with the rising prices in cotton, that parity will be soon reached, or even a level above parity temporarily, but with 6,000,000 bales ready to be thrown on the market by the Government at any one moment, the price would stay at parity only momentarily, followed by a drop instantly, and thus the market would be ruined as the chairman of the committee has indicated. This is a destructive proposal.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. MURDOCK. I yield.

Mr. BROOKS. I wish to call my friend's attention to an article appearing in this morning's Post. I believe the figures in this article are correct. This article states, as far as loan cotton is concerned, that is cotton on which the farmers retain an interest, that on June 14 there were only 1,900,000 bales still

under loan, that the farmers had withdrawn 1,000,000 bales in a fortnight, paying off the loans and putting this cotton on the market. The withdrawal, the article states, is continuing at the rate of 150,000 to 200,000 bales a week. So this cotton is being brought out of the Commodity Credit Corporation and placed on the market in competition with other cotton.

Mr. MURDOCK. And in an orderly, normal, and logical way at that, and it can be done with the present provision of law.

Mr. COFFEE of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. MURDOCK. I yield.

Mr. COFFEE of Nebraska. Is it not a fact that under recent legislation loans will be provided at 85 percent of parity on wheat and cotton?

Mr. MURDOCK. Exactly.

Mr. COFFEE of Nebraska. In the event this wheat and cotton which the Government took over in previous years is thrown on the market at a price lower than 85 percent of parity, it would be the Commodity Credit Corporation which would suffer a loss, because they would have to lend at 85 percent of parity on this year's crop, and if the market did not reach that point the Government would lose by virtue of the loans made by the Commodity Credit Corporation.

Mr. MURDOCK. The gentleman is correct.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. MURDOCK. I yield.

Mr. THOMAS F. FORD. Is not the backlog of cotton held by the Government very much like a dam? If you dynamite a dam, the water held in storage sweeps over everything before it, and if this stored cotton were thrown on the market all at once, it would break the whole cotton-price structure.

Mr. MURDOCK. The gentleman's analogy is a good one. The very purpose back of this legislation is to protect the markets, prevent them from being destroyed, or, to use the gentleman's illustration, to prevent the dam's being broken, which would wreck the price that cotton may have attained temporarily.

I trust the amendment will be defeated.

Mr. DEWEY. Mr. Chairman, I ask unanimous consent to proceed for 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. DEWEY. Mr. Chairman, in offering this amendment let me say my only purpose is to do what I think is for the best interest of agriculture. Whether this amendment is agreed to or not, sometime you must clear the bins of the Government-owned cotton or Government-owned agricultural crops of all kinds, and be prepared to support agriculture when the recession in price actually comes, which it surely will when this emergency is over. That is my only purpose in offering this amendment. If it is not accepted now, I hope that very shortly some plan will be considered in order that we may be prepared to help agriculture when it will need help most.

Mr. PATMAN. Will the gentleman yield?

Mr. DEWEY. I yield to the gentleman from Texas.

Mr. PATMAN. May I suggest to the gentleman that since we have not considered this question in the committee it will be well to not insist upon it now and insist on it later? I see some merit in the gentleman's contention. But if this amendment is passed, as written, it will immediately cause a drop in the market. Take cotton, for instance; it will mean at least \$10 a bale, which means \$30,000,000 to the Government. It will mean the impairment of the capital stock of the Commodity Credit Corporation, and we would have to immediately restore that.

Mr. DEWEY. I do not agree with the gentleman, but would the gentleman be willing to have an amendment of such a type considered in the Senate Banking and Currency Committee?

[Here the gavel fell.]

Miss SUMNER of Illinois. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I speak on this amendment because as a farmer coming from a rural district I very greatly wish to express my appreciation of the friendly attitude to farmers shown by the author of the amendment, the gentleman from Chicago, Ill. [Mr. DEWEY]. The amendment, as I see it, will repeal existing law which prevents the sale by the Commodity Credit Corporation of cotton held by the Government except at prices which would include not only the market price but also the accumulated carrying charges.

On that point Dr. Robbins, head of the Commodity Credit Corporation, said in the committee, page 64 of the committee hearings:

There is no real economic necessity for such a provision of law even in the case of cotton.

Incidentally it only applies to cotton.

But it has not operated to any substantial disadvantage yet, because we have not had any situation in which the demand for cotton, both domestic and foreign, could not be met by the current production plus the amounts under loan.

I think this restriction should be removed eventually, perhaps not today, perhaps not in the form suggested by the gentleman from Illinois [Mr. DEWEY]. It seems to me very obvious that it would be advisable to release some cotton as we go along at somewhat less than the price they may get plus carrying charges, which would be above the market price, selling it to Britain or some place so as not to affect market prices, rather than to take the whole loss at some future time. I believe these reasons will commend themselves to the gentlemen on the other side.

Mr. BROWN of Georgia. Will the gentleman yield?

Miss SUMNER of Illinois. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. You would dump the Government cotton on the market. You would dump it all on the market, together with the producers' cot-

ton, and ultimately you would run cotton from 14 cents to 8 cents in less than 2 months. The same situation would be true with wheat and corn.

Miss SUMNER of Illinois. I will agree that there ought to be a different form of amendment, from the one the gentleman from Illinois [Mr. DEWEY] has offered. However, there is 1934 cotton that is carrying a great amount of carrying charges, and I do not believe the existing law provides for release of that cotton with real benefit to the farmer.

Mr. STEAGALL. Will the gentleman yield?

Miss SUMNER of Illinois. I yield to the gentleman from Alabama.

Mr. STEAGALL. Let me say this, and it has not been stated, and probably is not understood fully: The Commodity Credit Corporation can, tomorrow, release 300,000 bales of cotton. It can do that every month, so long as the price stays where it is, not above the amount of a million and a half a year under existing law. Certainly that is as much free cotton added to what is now in the hands of the farmers, and in which they have an equity, that it would be sensible to release under existing conditions if we are to protect the Government.

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I have listened with much interest, and many of us are sympathetic with the objective which the gentleman from Illinois evidently has in offering his amendment. Those of us who have studied this agricultural situation appreciate the fact that this cotton, wheat, and other commodities that are being held off the market are taxing the capacity of our reservoir, for such withholding and the quicker we can get it out of that reservoir at a price which will not disturb the current market the better it will be. We will need that space for withholding future surpluses, just as we need the space in flood-control reservoirs to take care of future floods.

I would like to make a suggestion to the distinguished gentleman who has offered the amendment, however. Those of us who come from the cities and those who come from the smaller places appreciate the necessity of preserving the economic strength of agriculture if we are to have economic strength in the general organization of the country of which agriculture is a part. There is a definite apprehension on this side as to what might be the effect of this amendment. I may say to the gentleman from Illinois that my colleagues on this side from their statements indicate a sympathy with the objective of the gentleman, but the thing being dealt with is too important to be undertaken by an amendment offered from the floor of the House. I am going to assume the responsibility therefore of asking the gentleman from Illinois [Mr. DEWEY] if under all these circumstances, in order to avoid any vote or any division that might appear as a result of that vote, if he will not withdraw the amendment. Let us think it over and see if we cannot work out something

that will reach the objective that everybody seems to want to reach.

Mr. DEWEY. Responding to the gentleman, and knowing what my objective is, which the gentleman has so graciously expressed, I withdraw my amendment.

Mr. SUMNERS of Texas. I express the appreciation of all of us.

Mr. CRAWFORD. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman.

Mr. CRAWFORD. Looking forward to a future consideration of this principle here enunciated, may I ask the gentleman if he believes that the Commodity Credit structure approach can be maintained if it is ever made known by Congress to be its desire that the Government shall not in the final analysis absorb the excess of production over domestic- and foreign-consumption demands?

Mr. SUMNERS of Texas. Will the gentleman permit me not to answer that question but to make this statement. I look on the withholding from the market of this cotton just as I look upon a dam in a river above my town that is supposed to keep the flood waters out. There is a limit to the amount of water that can be impounded, so as rapidly as the water can be got out of that reservoir without the released water plus the current flow exceeding the capacity of the channel to carry and thereby increase the holding capacity for the next flood, the better it would be all around.

Mr. CRAWFORD. That does not answer my question at all.

Mr. SUMNERS of Texas. I will say to my friend I did not mean to answer it.

Mr. COFFEE of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman from Nebraska.

Mr. COFFEE of Nebraska. Is it not a fact that the gentleman's amendment would make it mandatory?

Mr. SUMNERS of Texas. He has done a fine thing by withdrawing it. Let us pat him on the back.

Mr. COFFEE of Nebraska. It would be mandatory on the part of the Commodity Credit Corporation to dispose of a commodity.

The CHAIRMAN. The gentleman from Illinois [Mr. Dewey] asks unanimous consent to withdraw his amendment. Is there objection?

There was no objection.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. LEAVY, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H. R. 4972) to extend the life and increase the credit resources of the Commodity Credit Corporation, and for other purposes, pursuant to House Resolution 244, he reported the same back to the House with an amendment adopted by the Committee of the Whole.

Mr. STEAGALL. Mr. Speaker, I move the previous question on the bill and amendment to final passage.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

DETAIL OF PERSONNEL OF THE ARMY AS STUDENTS, OBSERVERS, OR INVESTIGATORS

Mr. MAY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 1246) to amend section 2 of the act of April 3, 1939 (53 Stat. 556), so as to make its provisions applicable to personnel of all components of the Army of the United States.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

Mr. HARNES. Reserving the right to object, Mr. Speaker, I do this for the purpose of asking the chairman of the committee to explain the bill to the House.

Mr. MAY. I do not have a copy of the bill before me, but it is simply what it says in the title there. The situation is this. It is rather embarrassing to state the situation just as it is, but it is that, nevertheless.

The Senate passed a bill and the House passed an identical bill. I am asking unanimous consent to take up the Senate bill so as to expedite the situation and get it over with. What the bill does is to provide that the Army may detail personnel of the Army of the United States as students at technical, professional, or other educational institutions, or as observers or investigators in industrial plants and other places best suited to enable them to acquire knowledge of or experience in their specialties, and that they be given pay for that time plus whatever vacation pay is due them. That is all there is to it.

Mr. HARNES. I understand that a similar bill was considered by the House Committee on Military Affairs and reported unanimously?

Mr. MAY. Unanimously, and it is identical with the Senate bill.

Mr. HARNES. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 2 of the act of April 3, 1939 (53 Stat. 556), is hereby amended to read as follows:

"SEC. 2. When the facilities of the Army for instruction and training in aviation are deemed by the Secretary of War to be insufficient he may, under such regulations as he may prescribe, and without reference to any limitation contained in section 127a of the National Defense Act, as amended (10 U. S. C. 535), detail personnel of the Army of the United States as students of any technical,

professional, or other educational institution, or as students, observers, or investigators at such industrial plants or other places as shall be best suited to enable such personnel to acquire a knowledge of or experience in the specialties incident to aviation in which the training of such personnel is essential: *Provided*, That no expense shall be incurred by the United States in addition to the authorized emoluments of the personnel so detailed except for the cost of tuition at such educational institutions, and the cost of maintenance of necessary personnel who may be detailed as supervisors or inspectors and of the equipment assigned to them for their official use: *Provided further*, That the tuition for the personnel during the period of their detail may be paid from any funds which may hereafter be made available for the procurement branches."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. ENGEL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an article by Walter Trohan appearing in the Chicago Tribune of June 14, entitled "What Happens to a War Order Marked 'Rush'."

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. TINKHAM. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a statement by a man by the name of Pegler appearing in the Chicago Daily News of June 21.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. SPENCE. Mr. Speaker, I ask unanimous consent to include in the remarks I made in Committee of the Whole this afternoon a summary description of the Commodity Credit Corporation and its functions, prepared by that Corporation.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. SAUTHOFF. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made in Committee of the Whole this afternoon and include therein a short resolution.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. MUNDT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and include therein an editorial from the Sioux Falls (S. Dak.) Argus-Leader entitled "Morgenthau Magic."

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

THE PRESIDENT'S PLAN FOR UNITY

Mr. BENNETT. Mr. Speaker, I ask unanimous consent to extend my own remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. BENNETT. Mr. Speaker, I call the attention of the House to the President's plan for public employment as outlined by George Morris, of Washington, D. C., and published in the Commercial Appeal of Memphis, Tenn., in its issue of June 20, 1941.

Mr. Speaker, in our all-out defense effort the administration has called for the unity of our people on numerous occasions, and when it comes to paying for their defense effort every citizen will be expected to do his duty for his country. But participation in the administrative and executive ends of the program would seem hereafter to be a strictly New Deal affair. I am sorry that I must arrive at this conclusion. I feel sure that every Member of Congress will be interested in the special article which Mr. Morris has written and which is entitled "Do you Want a Federal Job? Only Democrats Need Apply."

Mr. Speaker, how can we have unity in the face of this brazen attempt to deny those outside the Democratic Party opportunities to share in the increased public employment which the defense program provides? The article by Mr. George Morris follows:

[From the Memphis (Tenn.) Commercial Appeal]

DO YOU WANT A FEDERAL JOB? ONLY DEMOCRATS NEED APPLY

(By George Morris)

WASHINGTON, June 20.—Every official and employee, except those with civil-service classification, added to the Government pay roll in the future will be required to clear through the Democratic National Committee. Only exception is the Office of Production Management.

The President is reported to have given notice to all departments that this procedure must be followed in every instance. It is understood that the action was taken upon insistence of Chairman Flynn of the Democratic National Committee.

PROCEDURE OUTLINED

Before anyone outside the civil-service classification is employed, he will first have to be cleared through the Department of Prospective Employment. Should he be approved the name is sent to the Democratic National Committee. If approved by the State committee, the national committee is advised and it in turn notifies the department he may be employed.

Chairman Flynn is understood to have become alarmed over infiltration of governmental departments by individuals who have no identity with the States from which they come. While the new rule may be interpreted as a political move, it is said to be not Mr. Flynn's objective.

CONGRESSMEN SLIGHTED

For a long time Congressmen have complained that their indorsement not only does not help an applicant for a job but frequently prevents him from obtaining one.

Chairman Flynn has no patience with subversive groups. Furthermore, he is said to be concerned over danger of party disintegration as a result of contempt in which the Congressman is held by the average bureaucrat. The situation was reported to have been brought to a head by the discovery that David Lasser, former president of the defunct Com-

munist Workers' Alliance, was given a \$4,000 job in the Government when his organization was abolished.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. HOLBROOK, indefinitely, on account of death in family.

To Mr. VINSON of Georgia, for 10 days, on account of official business.

To Mrs. NORTON (at the request of Mr. McCORMACK), for 1 week, on account of illness.

ADJOURNMENT

Mr. BONNER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 11 minutes p. m.) the House adjourned until tomorrow, Friday, June 27, 1941, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON PATENTS

The House Committee on Patents will hold a public hearing Tuesday, July 1, 1941, at 10 a. m. in the committee room, 1015 House Office Building, on H. R. 5031 (SABATH), a bill authorizing the President to accept on behalf of the United States any offer of patent rights for national-defense purposes. Anyone interested in this hearing should communicate with the clerk of the committee in advance of the date of the hearing.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES

The Committee on the Merchant Marine and Fisheries will hold public hearings at 10 a. m., on the following dates, on the bills named:

Tuesday, July 1, 1941:

H. R. 5111. Authorizing the waiver of the navigation and inspection laws during the national emergency.

Tuesday, July 8, 1941:

H. R. 84. To extend the benefits of the United States Public Health Service to fishermen, and for other purposes.

H. R. 5051. To extend the benefits of the United States Public Health Service to fishermen, and for other purposes.

H. R. 5130. To extend the benefits of the United States Public Health Service to fishermen, and for other purposes.

Tuesday, July 15, 1941:

H. R. 3361. To provide that the United States shall aid the States in fish restoration and management projects, and for other purposes.

EXECUTIVE COMMUNICATIONS, ETC.

684. Under clause 2 of rule XXIV a letter from the Secretary of War, transmitting a draft of a proposed bill for the relief of Susannah Sanchez, was taken from the Speaker's table and referred to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MAAS: Committee on Naval Affairs. S. 207. An act to authorize the course of

instruction at the United States Naval Academy to be given to not exceeding 20 persons at a time from the American republics, other than the United States; without amendment (Rept. No. 874). Referred to the Committee of the Whole House on the state of the Union.

Mr. ALLEN of Louisiana: Committee on Immigration and Naturalization. H. R. 4873. A bill to promote the national defense by limiting the entry of certain aliens into the United States; without amendment (Rept. No. 875). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WEISS: Committee on Claims. H. R. 1352. A bill for the relief of Norman Carlin Brown, a minor; with amendment (Rept. No. 853). Referred to the Committee of the Whole House.

Mr. RUSSELL: Committee on Claims. H. R. 1575. A bill for the relief of Franklin G. Galpin; with amendment (Rept. No. 854). Referred to the Committee of the Whole House.

Mr. HARRIS of Arkansas: Committee on Claims. H. R. 1650. A bill for the relief of Eleanor J. Griggs, Dorothy L. Griggs, and Vernon M. Griggs; with amendment (Rept. No. 855). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 1905. A bill for the relief of Michael Lewenczuk; with amendment (Rept. No. 856). Referred to the Committee of the Whole House.

Mr. MEYER of Maryland: Committee on Claims. H. R. 1914. A bill for the relief of Coppel Coal Co.; with amendment (Rept. No. 857). Referred to the Committee of the Whole House.

Mr. JENNINGS: Committee on Claims. H. R. 2183. A bill for the relief of Hiram O. Lester, Grace D. Lester, and Florence E. Dawson; with amendment (Rept. No. 858). Referred to the Committee of the Whole House.

Mr. KEOGH: Committee on Claims. H. R. 2546. A bill for the relief of the estate of Max Adams Shepard; without amendment (Rept. No. 859). Referred to the Committee of the Whole House.

Mr. SAUTHOFF: Committee on Claims. H. R. 2717. A bill for the relief of Raymond Peschke; with amendment (Rept. No. 860). Referred to the Committee of the Whole House.

Mr. WINTER: Committee on Claims. H. R. 2754. A bill for the relief of Bessie Myers; with amendment (Rept. No. 861). Referred to the Committee of the Whole House.

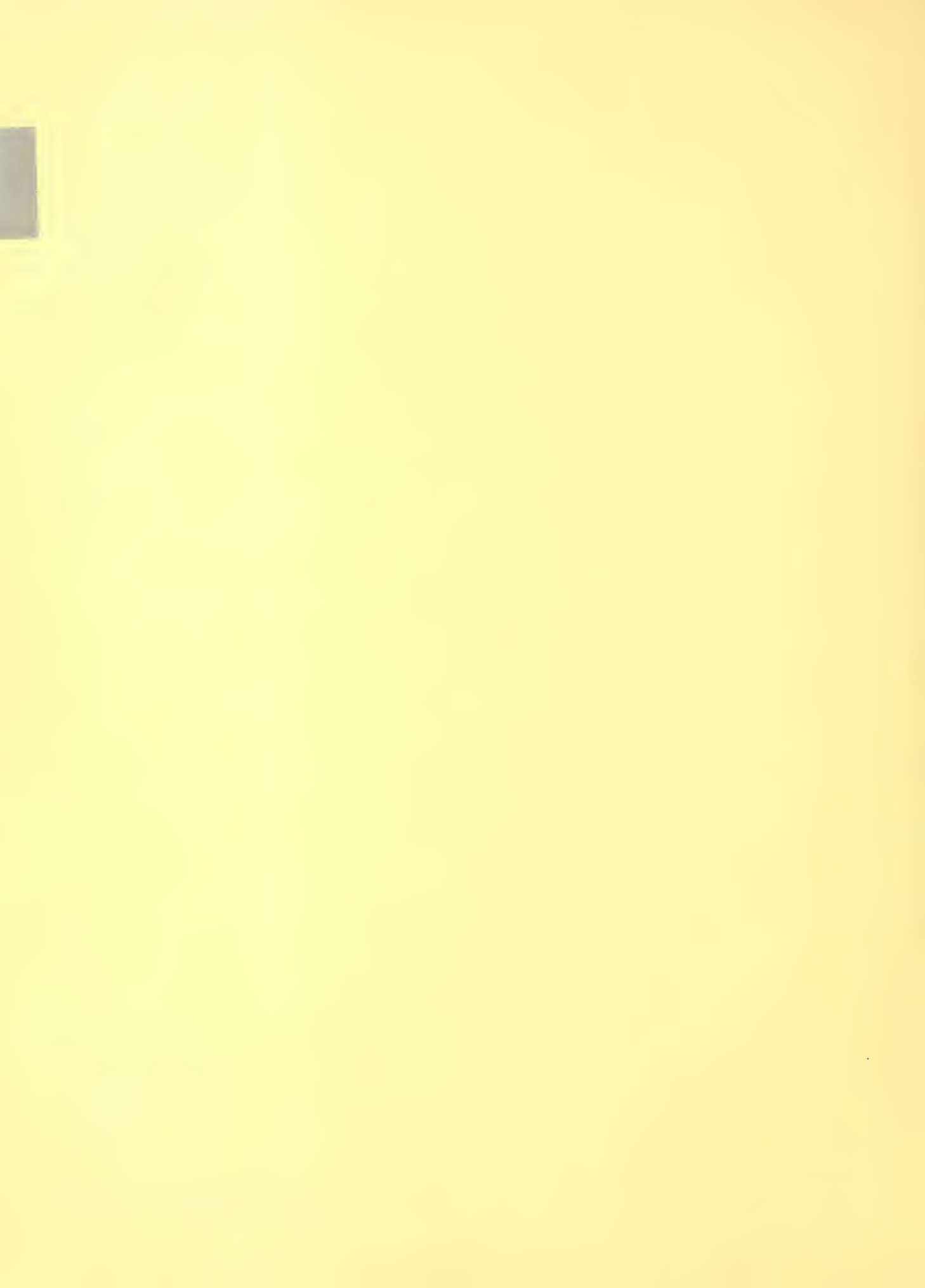
Mr. FOGARTY: Committee on Claims. H. R. 3697. A bill for the relief of John E. Newman; with amendment (Rept. No. 862). Referred to the Committee of the Whole House.

Mr. SAUTHOFF: Committee on Claims. H. R. 3761. A bill for the relief of Mrs. Willie M. Maye; with amendment (Rept. No. 863). Referred to the Committee of the Whole House.

Mr. WICKERSHAM: Committee on Claims. H. R. 3823. A bill for the relief of Edwin B. Formhals; with amendment (Rept. No. 864). Referred to the Committee of the Whole House.

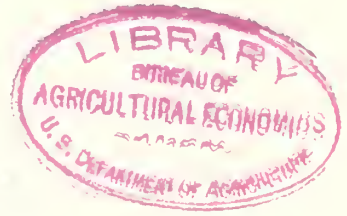
Mr. PITTENGER: Committee on Claims. H. R. 4179. A bill to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claims of Allen Pope, his heirs or personal representatives, against the United States; without amendment (Rept. No. 865). Referred to the Committee of the Whole House.

June 1



77TH CONGRESS
1ST SESSION

H. R. 4972



IN THE SENATE OF THE UNITED STATES

JUNE 27 (legislative day, JUNE 26), 1941

Read twice and referred to the Committee on Banking and Currency

AN ACT

To extend the life and increase the credit resources of the Commodity Credit Corporation, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 7 of the Act approved January 31, 1935 (49
4 Stat. 4), as amended, is hereby amended by deleting from
5 the first sentence thereof the term "June 30, 1941" and
6 inserting in lieu thereof the term "June 30, 1946".

7 SEC. 2. Section 1 of the Act approved March 8, 1938
8 (52 Stat. 107), as amended, is hereby amended by deleting
9 from the second sentence thereof the term "on the basis of
10 market prices at the time of appraisal" and inserting in lieu
11 thereof the term "on the basis of the cost, including not more

1 than one year of carrying charges, of such assets to the
2 Corporation, or the average market prices of such assets for
3 a period of twelve months ending with March 31 of each
4 year, whichever is less;”.

5 SEC. 3. Section 4 of the Act approved March 8, 1938
6 (52 Stat. 108), as amended, is hereby amended by deleting
7 the term “\$1,400,000,000” and inserting in lieu thereof the
8 term “\$2,650,000,000”.

9 SEC. 4. Whenever during the existing emergency the
10 Secretary of Agriculture encourages the expansion of pro-
11 duction of any commodity, the Secretary shall so use the
12 funds made available under this Act or otherwise made
13 available to him for the disposal of agricultural commodities,
14 through a commodity loan, purchase, or other operation,
15 taking into account the funds available for such purpose for
16 all commodities, as to support a price for the producers of
17 any such commodity of not less than 85 per centum of the
18 parity price therefor, or, in the case of any nonbasic com-
19 modity the production or consumption of which has so
20 changed in extent or character since the base period as to
21 result in a price out of line with parity prices for basic
22 commodities, a price comparable to not less than 85 per
23 centum of the parity price for other commodities. Any
24 such commodity loan or purchase operation which is under-
25 taken shall be continued until the Secretary has given suffi-

1 cient notice to the producers of such commodity to permit
2 them to make a readjustment in the production of such
3 commodity. It is the policy of the Congress that other pur-
4 chase, loan, or other operations of the Department, taking
5 into account the funds available for such purposes for all
6 commodities and the ability of producers to bring supplies
7 into line with demand, shall be carried out so as to bring the
8 price and income of the producers of such commodities to
9 a fair parity relationship with other commodities.

Passed the House of Representatives June 26, 1941.

Attest:

SOUTH TRIMBLE,

Clerk.

AN ACT

To extend the life and increase the credit resources of the Commodity Credit Corporation, and for other purposes.

JUNE 27 (legislative day, JUNE 26), 1941

Read twice and referred to the Committee on
Banking and Currency

COMMODITY CREDIT CORPORATION

JUNE 28 (legislative day, JUNE 26), 1941.—Ordered to be printed

Mr. BROWN, from the Committee on Banking and Currency, submitted the following

REPORT

[To accompany H. R. 4972]

The Committee on Banking and Currency, to whom was referred the bill (H. R. 4972) to extend the life and increase the credit resources of the Commodity Credit Corporation, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

STATEMENT

Section 1 of the bill extends the life of the Commodity Credit Corporation. Under the House bill the extension was for 5 years from June 30, 1941, to June 30, 1946. The committee recommends that the life of the Corporation be extended for 4 years or until June 30, 1945.

Section 2 of the bill is designed to improve the appraisal procedure which the Treasury follows each year in determining the losses or gains of the Corporation in its operations.

Section 3 of the bill increases the borrowing power of the Corporation from \$1,400,000,000 to \$2,650,000,000 or an increase of \$1,250,000,000, which will enable the Corporation to continue its function as a lending agency.

Section 4 of the bill as referred to the committee contained a provision which the President of the Commodity Credit Corporation stated was to give farmers "some assurance that after they have increased their production upon the encouragement of the Government, the increased supplies will not be allowed to depress the domestic market to a level of unreasonably low prices." The committee recommend that this section be eliminated and it is therefore deleted from the reported bill.

H. R. 4972

[Report No. 490]



IN THE SENATE OF THE UNITED STATES

JUNE 27 (legislative day, JUNE 26), 1941

Read twice and referred to the Committee on Banking and Currency

JUNE 28 (legislative day, JUNE 26), 1941

Reported by Mr. BROWN, with amendments

[Omit the part struck through and insert the part printed in italic]

JUNE 28 (legislative day, JUNE 26), 1941

Considered, amended, read the third time, and passed

AN ACT

To extend the life and increase the credit resources of the Commodity Credit Corporation, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled.*

3 That section 7 of the Act approved January 31, 1935 (49
4 Stat. 4), as amended, is hereby amended by deleting from
5 the first sentence thereof the term "June 30, 1941" and
6 inserting in lieu thereof the term "June 30, ~~1946~~ 1943".

7 SEC. 2. Section 1 of the Act approved March 8, 1938
8 (52 Stat. 107), as amended, is hereby amended by deleting
9 from the second sentence thereof the term "on the basis of
10 market prices at the time of appraisal" and inserting in lieu

1 thereof the term "on the basis of the cost, including not more
2 than one year of carrying charges, of such assets to the
3 Corporation, or the average market prices of such assets for
4 a period of twelve months ending with March 31 of each
5 year, whichever is less;".

6 SEC. 3. Section 4 of the Act approved March 8, 1938
7 (52 Stat. 108), as amended, is hereby amended by deleting
8 the term "\$1,400,000,000" and inserting in lieu thereof the
9 term "\$2,650,000,000".

10 ~~SEC. 4. Whenever during the existing emergency the~~
11 ~~Secretary of Agriculture encourages the expansion of pro-~~
12 ~~duction of any commodity, the Secretary shall so use the~~
13 ~~funds made available under this Act or otherwise made~~
14 ~~available to him for the disposal of agricultural commodities,~~
15 ~~through a commodity loan, purchase, or other operation,~~
16 ~~taking into account the funds available for such purpose for~~
17 ~~all commodities, as to support a price for the producers of~~
18 ~~any such commodity of not less than 85 per centum of the~~
19 ~~parity price therefor, or, in the case of any nonbasic com-~~
20 ~~modity the production or consumption of which has so~~
21 ~~changed in extent or character since the base period as to~~
22 ~~result in a price out of line with parity prices for basic~~
23 ~~commodities, a price comparable to not less than 85 per~~
24 ~~centum of the parity price for other commodities. Any~~
25 ~~such commodity loan or purchase operation which is under-~~

1 taken shall be continued until the Secretary has given suffi-
2 cient notice to the producers of such commodity to permit
3 them to make a readjustment in the production of such com-
4 modity. It is the policy of the Congress that other purchase,
5 loan, or other operations of the Department, taking into
6 account the funds available for such purposes for all com-
7 modities and the ability of producers to bring supplies into
8 line with demand, shall be carried out so as to bring the
9 price and income of the producers of such commodities to
10 a fair parity relationship with other commodities.

Passed the House of Representatives June 26, 1941.

Attest:

SOUTH TRIMBLE,

Clerk.

[Report No. 490]

AN ACT

To extend the life and increase the credit resources of the Commodity Credit Corporation, and for other purposes.

JUNE 27 (legislative day, JUNE 26), 1941

Read twice and referred to the Committee on
Banking and Currency

JUNE 28 (legislative day, JUNE 26), 1941

Reported with amendments

JUNE 28 (legislative day, JUNE 26), 1941

Considered, amended, read the third time, and passed

holic liquors to the members of the land and naval forces of the United States and to provide for the suppression of vice in the vicinity of military camps and naval establishments; to the table.

A resolution of the Senate of the State of Michigan; to the Committee on Military Affairs.

"Senate Resolution 48

"A resolution memorializing the Congress of the United States to investigate the lack of proper aviation facilities in the Upper Peninsula of Michigan to properly protect the mining and shipping of copper and iron ore and the transportation of forest products, and the establishment of suitable facilities to guarantee such protection

"Whereas the products of the copper and iron mines of the Upper Peninsula of Michigan and the lumber products of said territory are of vital importance to national defense; and

"Whereas vast quantities of coal are being delivered by boat to said copper- and iron-mining districts for use in such mining; and

"Whereas the Portage Canal and the Sault Ste. Marie locks during the year 1940 carried more tonnage than the entire tonnage of the Panama Canal for the same period; and

"Whereas present airport facilities in that territory are inadequate for use by military combat aircraft; and

"Whereas there are thousands of acres of State- and county-owned lands readily adaptable to aviation needs, such as bases, aerial gunnery bases, aerial gunnery ranges, and training centers; and

"Whereas the Michigan College of Mines now has a student pilot training program in progress, and Houghton County has now acquired an additional 400 acres of land to be added to its present airport at Calumet; and

"Whereas there is now an aviation training school at the Calumet Airport, from which 110 fliers will receive their secondary papers this spring, and at which school there are now six United States airships and four United States fliers training said students; and

"Whereas the products of the aforesaid Upper Peninsula of Michigan can be of little or no value to the national defense of the United States unless said copper, iron, and forest products in shipment are fully protected from points of origin to their destination, and the copper- and iron-ore docks are fully safeguarded: Now, therefore, be it

"Resolved by the senate, That the Congress of the United States is respectfully requested to thoroughly investigate the lack of proper aviation facilities to safeguard the mining and shipping of iron, copper, and forest products in and from this territory and the desirability of establishing a sufficient number of suitable airports and other facilities to guarantee such protection; and be it further

"Resolved, That copies of this resolution be transmitted to the President of the United States, the President of the Senate, the Speaker of the House of Representatives of Congress, and to the Michigan Members in the Senate and House of Congress.

"Adopted by the senate on May 26, 1941."

INVOLVEMENT IN WAR—POSITION OF CONNECTICUT COUNCIL OF CHURCHES

Mr. DANAHER. Mr. President, I invite the attention of the Senate to a letter which I have just received from the Reverend Stanley Manning, president of the Connecticut Council of Churches and Religious Education. The letter is dated June 27, 1941, and reads as follows:

THE CONNECTICUT COUNCIL OF CHURCHES AND RELIGIOUS EDUCATION,

Hartford, Conn., June 27, 1941.

HON. JOHN A. DANAHER,

United States Senate, Washington, D. C.

MY DEAR MR. DANAHER: At a recent meeting of the executive committee of the Con-

necticut Council of Churches and Religious Education it was voted to poll the committee for their opinions regarding sending the following urgent message to you and the other Members of the Connecticut delegation in Congress.

"We respectfully urge that no further steps be taken to involve the United States of America in the present war."

Twenty-three members of the committee have registered their approval and seven disapproved. I believe that this is fairly indicative of the trend of sentiment and trust that you will do all you can to bring congressional action into conformity therewith.

Respectfully yours,

STANLEY MANNING,
President.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PEPPER, from the Committee on Commerce:

H. R. 4903. A bill to authorize the Secretary of the Treasury to exchange certain land owned by the United States for a site for a road right-of-way needed for access to the Coast Guard Light Station Reservation, Au Sable, Mich.; without amendment (Rept. No. 488).

By Mr. DANAHER, from the Committee on the Judiciary:

H. R. 3191. A bill to amend the act entitled "An act to make unlawful the transportation of convict-made goods in interstate commerce, and for other purposes," approved October 14, 1940; without amendment (Rept. No. 489).

By Mr. McNARY, from the Committee on Agriculture and Forestry:

S. 599. A bill to amend section 17 of the Federal Highway Act; without amendment (Rept. No. 491); and

S. 852. A bill to provide for the acquisition of certain lands for and the addition thereof to the Deschutes National Forest, in the State of Oregon; without amendment (Rept. No. 492).

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on June 27, 1941, that committee presented to the President of the United States the following enrolled bills:

S. 178. An act authorizing the Secretary of the Interior to issue oil and gas leases on certain lands;

S. 239. An act to provide for the discharge or retirement of enlisted men of the Regular Army and of the Philippine Scouts in certain cases;

S. 1246. An act to amend section 2 of the act of April 3, 1939 (53 Stat. 556), so as to make its provisions applicable to personnel of all components of the Army of the United States; and

S. 1471. An act to extend the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. KILGORE:

S. 1683. A bill for the relief of Mr. and Mrs. T. Earl Rodgers; to the Committee on Claims.

By Mr. SHIPSTEAD:

S. 1684. A bill providing for equalization of taxes in counties wherein national forest lands are located; to the Committee on Agriculture and Forestry.

By Mr. McKELLAR:

S. 1685. A bill to enlarge the jurisdiction of the Federal Bureau of Investigation with respect to crimes in the District of Columbia, and for other purposes; to the Committee on the Judiciary.

By Mr. THOMAS of Idaho:

S. 1686. A bill to amend the Nationality Act of 1940, to preserve the nationality of a naturalized wife residing abroad with her husband, a native-born national of the United States; to the Committee on Immigration.

(Mr. THOMAS of Oklahoma introduced Senate bill 1687, which was referred to the Committee on Agriculture and Forestry and appears under a separate heading.)

By Mr. SCHWARTZ:

S. 1688. A bill for the relief of Homer C. Chapman; to the Committee on Military Affairs.

By Mr. SMITH:

S. 1689. A bill to amend section 19 of the Permanent Appropriation Repeal Act of June 26, 1934;

S. 1690. A bill to amend the Packers and Stockyards Act, 1921, approved August 15, 1921, as amended;

S. 1691. A bill to authorize the Department of Agriculture to make open-market procurements where the aggregate amount involved does not exceed \$100;

S. 1692. A bill to amend section 32 of the act entitled "An act to amend the Agricultural Adjustment Act, and for other purposes," approved August 24, 1935, as amended, and to encourage the exportation of agricultural commodities or products thereof, and for other purposes; and

S. 1693. A bill to authorize the Secretary of Agriculture to designate employees of the Department of Agriculture to make arrests for violation of the laws relating to and the rules and regulations established for the protection of lands acquired under or transferred for administration under title III of the Bankhead-Jones Farm Tenant Act; to the Committee on Agriculture and Forestry.

By Mr. WALSH:

S. J. Res. 89. Joint resolution establishing the Ladies of the Grand Army of the Republic National Shrine Commission to formulate plans for the construction of a permanent memorial building to the memory of the veterans of the Civil War; to the Committee on the Library.

SECOND DEFICIENCY APPROPRIATIONS—AMENDMENT

Mr. LA FOLLETTE submitted an amendment intended to be proposed by him to House bill 5166, the second deficiency appropriation bill, 1941, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

At the proper place, to insert the following: "There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year 1942, the sum of \$100,000,000, to be used by the Secretary of Agriculture for the purpose of effectuating the provisions of section 32 of the act entitled "An act to amend the Agricultural Adjustment Act, and for other purposes," approved August 24, 1935, as amended, such sum to be in addition to any funds appropriated by such section 32 and to be subject to all the provisions of law relating to the expenditure of such funds."

INVESTIGATION OF VIOLATIONS OF THE RIGHT OF FREE SPEECH AND ASSEMBLY, ETC.—LIMIT OF EXPENDITURES

Mr. LA FOLLETTE submitted the following resolution (S. Res. 135), which was referred to the Committee to Audit

and Control the Contingent Expenses of the Senate:

Resolved, That, for the purpose of concluding the printing of hearings and reports, the limit of expenditures under Senate Resolution 266, Seventy-fourth Congress, second session, agreed to June 6, 1936, and under Senate Resolution 70, Seventy-fifth Congress, first session, agreed to February 19, 1937, and under Senate Resolution 154, Seventy-fifth Congress, first session, agreed to August 12, 1937, and under Senate Resolution 266, Seventy-fifth Congress, third session, agreed to May 18, 1938, and under Senate Resolution 126, Seventy-sixth Congress, first session, agreed to August 4, 1939, to investigate violations of the right of free speech and assembly and interference with the right of labor to organize and bargain collectively is hereby increased by \$500.

ADDRESS BY THE MOST REV. FRANCIS J. L. BECKMAN AT DUBUQUE, IOWA

[Mr. WHEELER asked and obtained leave to have printed in the *RECORD* a radio address delivered by the Most Reverend Francis J. L. Beckman, Archbishop of Dubuque, at the America First rally at Dubuque, Iowa, June 21, 1941, which appears in the Appendix.]

RUSSIAN POLICY AND AMERICAN DEFENSE—ARTICLE BY WALTER LIPPMANN

[Mr. BRIDGES asked and obtained leave to have printed in the *RECORD* an article by Walter Lippmann entitled "Russian Policy and American Defense," which appears in the Appendix.]

LIFE AND RESOURCES OF COMMODITY CREDIT CORPORATION

Mr. BROWN. Mr. President, from the Committee on Banking and Currency, I report back favorably, with amendments, the bill (H. R. 4972) to extend the life and increase the credit resources of the Commodity Credit Corporation, and for other purposes, and I submit a report (No. 490) thereon.

I ask unanimous consent for the immediate consideration of the bill.

The PRESIDING OFFICER (Mr. CHANDLER in the chair). The title of the bill will be stated for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 4972) to extend the life and increase the credit resources of the Commodity Credit Corporation, and for other purposes.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request for immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

The PRESIDING OFFICER. The clerk will state the first amendment of the committee.

The first amendment of the Committee on Banking and Currency was on page 1, line 6, to strike out "1946" and insert "1945".

Mr. McNARY. Mr. President, some statement should be made concerning the objectives of the bill.

Mr. BROWN. I shall be pleased to make a statement. This bill carries out the previously expressed mandate of the Congress to provide 85 percent of parity loans. It also changes the Commodity Credit Act in two important respects. It extends the life of the Corporation for 4 years from 1941 to 1945. It differs from the bill which passed the House on June

26 in limiting the time to 1945 instead of 1946. It also provides for \$1,250,000,000 additional credit to the Corporation to supply the funds necessary to carry out the purposes of previous legislation.

This sum of money is to be used, according to the estimates of Mr. Hutson, the president of the Commodity Credit Corporation, as follows: Approximately \$455,000,000 for cotton; \$250,000,000 for corn; a maximum of \$430,000,000 for wheat; a maximum of \$83,000,000 for tobacco; and \$170,000,000 for other commodities. That is an increase of \$1,250,000,000 over the Corporation's present authority.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. McNARY. I am not familiar with the record made in the committee hearings. Does the bill contemplate the loans provided for in the measure recently passed, whereby we authorized commodity loans at 85 percent of the value of the commodities?

Mr. BROWN. The Senator is correct.

Mr. McNARY. That is the reason why it is now proposed to increase the capital stock of the Commodity Credit Corporation?

Mr. BROWN. That is correct. It is proposed to increase the borrowing power of the Corporation by \$1,250,000,000.

Mr. McNARY. Are the estimates which the Senator is now mentioning to cover loans to be made on cotton, corn, wheat, tobacco, and rice in the next few years? How will the sum mentioned be reached, keeping in mind the recent act of Congress authorizing loans of 85 percent of parity on commodities?

Mr. BROWN. The estimate made by Mr. Hutson, president of the Commodity Credit Corporation, is that the sum of \$1,250,000,000 will be necessary to make the loans which I stated, of approximately \$455,000,000 for cotton, \$250,000,000 for corn, \$430,000,000 for wheat, \$83,000,000 for tobacco, and \$170,000,000 for other commodities.

Mr. McNARY. Of course, that estimate was made on the basis of the crop year of 1941.

Mr. BROWN. I am unable to state that fact to the Senator. The Senator from Connecticut [Mr. DANAHER] is somewhat familiar with the matter. I will ask him if he has in mind whether the sum of \$1,250,000,000 covers the coming year or the entire life of the corporation.

Mr. DANAHER. Mr. President, it was our understanding that that figure was to cover the entire life of the proposed extended operations under the commodity-credit plan.

Mr. BROWN. I thank the Senator. That was my impression, but I did not have that point directly in mind.

Mr. McNARY. Mr. President, I favor the extension of credit to cover loans up to 85 percent of parity, but \$1,250,000,000 would not cover the loans for 4 years. It would cover them only for 1 year.

Mr. BROWN. I am assuming that the fund is a revolving fund and will be used over and over again during that period of time. The hearings were very much more full in the House than in the Sen-

ate, because the bill did not reach us until June 26; but my impression is that the additional sum of \$1,250,000,000 is to take care of the financial needs of the Corporation for the remainder of its contemplated life. I assume the fund will be used over and over again.

Mr. McNARY. I recall that when the Agricultural Adjustment Act was passed in 1934, prior to the time the Supreme Court declared it unconstitutional because it entered into the States in the matter of taking care of the acreage, \$300,000,000 was appropriated for this purpose. In 1938, after the new act was passed, the sum was considerably increased. How much of the money heretofore appropriated has been lost by the Corporation by reason of loans made from 1934 to date? Are those figures available?

Mr. BROWN. They were presented to the committee. A statement was presented to the committee this morning. I greatly regret that because of the limitations of time we were unable to have the hearings printed.

Mr. McNARY. Has the original appropriation been exhausted by reason of losses; and is that why we are expanding the loan fund? Or is it because it is desired to reach a new situation created by the parity act?

Mr. BROWN. The latter statement of the Senator is the correct one. If we do not provide the additional \$1,250,000,000, only \$150,000,000 will be available for the purpose. That is the balance on hand; and, of course, that is totally inadequate to supply the needs created by the 85 percent parity loan act.

Mr. McNARY. Of course, that does not quite answer my inquiry, but I am not complaining. I am curious to know what amount of the original capital has been exhausted by reason of losses occurring from loans.

Mr. BROWN. I will obtain those figures and put them in the *RECORD* as part of my remarks.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. McKELLAR. It has been reported to me that the new Commodity Credit organization proposes to change the method of handling the funds, turn them over to the A. A. A., and have them loaned to farmers by that agency of the Government rather than by the banks, as is now the practice. Does the Senator have any such information before him?

Mr. BROWN. By this bill the Banking and Currency Committee was only seeking to supply funds to carry out the legislation which was enacted a short time ago. The question raised by the Senator did not come before the Senate committee. I do not believe it came before the House committee. I have no information on the subject.

Mr. McKELLAR. That question did not arise at all?

Mr. BROWN. It did not. Let me say to the Senator that I will obtain that information and put it in the *RECORD*.

Mr. McKELLAR. I hope the Senator will do so. I understand that the new organization, of which Mr. Hutson is the head, proposes to revolutionize the pres-

ent system of dealing with loans. I am not sure of the correctness of my information. I received it from some of those interested in cotton in my home State. They say that Mr. Hutson proposes to revolutionize the present system of dealing with loans, and to have them all made by county agents under the A. A. A. set-up, which, I think, would be very detrimental to the whole system. If that be the case, we ought to be very slow about turning over so large a sum to be used in that way. I am heartily in favor of making the 85-percent loans, but I do not think the Federal agency ought to have the arbitrary power to change the entire system, which has worked so well in the past.

Mr. BROWN. Let me say to the Senator that there is nothing in the bill which authorizes any change in method. By this bill we merely seek to supply the money; and by granting the Corporation the right to borrow on the faith and credit of the United States, additional money will be provided.

Mr. McKELLAR. What I am afraid of is that under the present law the officials have the power to make such a change. If they have, it would work to the great detriment of all our cotton farmers, at least. I should like to be assured that no such change is expected. I do not think it ought to be made. I think it would be unwise from a business standpoint and hurtful to the interests of the Government. I think the present system is highly satisfactory. There is no complaint and there has been no complaint of any kind about the present system of lending the funds, and it ought to be continued. It ought not to be disrupted, as I have been told is proposed. I hope the Senator will obtain the information I have requested before the bill passes.

Mr. BROWN. I will call to the attention of Mr. Hutson the statement just made by the Senator from Tennessee and insert in the RECORD Mr. Hutson's reply.

Mr. RUSSELL. Mr. President, I have not had an opportunity to study the bill closely, but it occurs to me that section 4 of the bill is an entirely new power.

Mr. BROWN. I will say to the Senator that the Committee on Banking and Currency unanimously struck section 4 from the bill. It was the opinion of the president of the Commodity Credit Corporation that section 4 was merely directory, and that it laid down no definite rule of procedure or of law.

Mr. RUSSELL. It confers a most unusual power, because it gives the Secretary of Agriculture the right to change the parity price on any nonbasic commodity according to any rule he may adopt.

Mr. BROWN. That was one of the objections which was raised by the Senator from Ohio [Mr. TART], and that was one of the reasons why we felt that section 4 should be stricken from the bill.

My statement is that Mr. Hutson felt that the administration of this fund could be handled just as well with section 4 out of the bill, and possibly better, than with section 4 in it. So the Senator from Georgia need have no worry about section 4 unless the House insists upon it; and, if so, the conferees

will bring it back to the Senate for further consideration.

Mr. RUSSELL. It is an entirely new proposition; and I wanted to learn from the Senator what evidence was submitted to the committee to indicate how this very sweeping power is to be utilized.

Mr. BROWN. Sufficient evidence to cause us to feel that the section should be eliminated from the bill.

Mr. RUSSELL. Then the section has been stricken from the bill as reported by the committee?

Mr. BROWN. Yes.

Mr. CLARK of Missouri. Mr. President, if the Senator will permit me, I should like to say, in line with what the Senator from Tennessee [Mr. McKELLAR] said a moment ago, that it seems to me that information ought to be supplied to the Senate before the bill passes. The Senator from Michigan said he would get the information and put it in the RECORD; but after the bill passes it will be too late for the facts put into the RECORD to do us any good.

I not only agree with what the Senator from Tennessee said about the efficacy of the method of administering this power, but I have a further and additional reason for not being willing to grant the Secretary of Agriculture blanket powers in this connection, and to extend the powers he now has. It is well known that the present Secretary of Agriculture, Mr. Wickard, is actively organizing the county agents as a propaganda agency to try to drum up sentiment for getting the United States into war; and, so far as I am concerned, I am not going to vote to extend any powers Mr. Wickard has to enable him to do anything of that kind.

In addition, I will say to the Senator from Michigan that I should like to have some information as to the attitude of the Commodity Credit Corporation on the subject of cotton. I have been very much in sympathy with the basic principles involved in the establishment of the Commodity Credit Corporation, but I have been very much disappointed and very much outraged at the way in which that Corporation has been administered by the Department of Agriculture.

For example, in the matter of cotton warehousing, the storing of loan cotton, a deliberate attempt was made a few months ago to move all the loan cotton to the terminal warehouses at the ports—an action which could only have the effect of benefiting one particular cotton firm, namely, Anderson & Clayton. Practically all the Senators from all the cotton States, and a very great many Representatives from all the cotton States, who certainly were as familiar with the necessities of the cotton growers and the interior cotton producers as anyone possibly could be, went down to the Department of Agriculture and held a nearly all-day session with the Secretary of Agriculture and the head of the Commodity Credit Corporation, at that time Dr. Robbins. They were treated with great arrogance, and were told it did not make any difference what the intention of Congress was, that they were going to make this move; although, as I say, it was the unanimous opinion of all concerned who were present, from all the

cotton States, that such a move could only result in benefit to one particular firm, and would be of great detriment to the cotton growers and the cotton warehousemen of the interior. Even after a measure on the subject was passed by a unanimous vote, as I recall, in the House of Representatives and by a very substantial majority in the Senate, the Department of Agriculture and the Commodity Credit Corporation still indicated their intention at every opportunity to disregard the plain will of Congress.

I should like to have some explanations in regard to these matters before, on the last day of their power, we tamely submit to the extension of this power of the Commodity Credit Corporation.

Mr. BROWN. I will say to the Senator from Missouri that in this particular instance the Banking and Currency Committee operates in much the same way that the Appropriations Committee does after a matter has been authorized. We did not go into any of the subject matter to which the Senator from Missouri refers.

Mr. CLARK of Missouri. Mr. President, if the Senator will permit me, that is precisely the point I am making, that the Banking and Currency Committee now, on the last day, brings in a measure to extend for 5 additional years this tremendous power to allow the Department of Agriculture, if it desires to do so, to flout the plain intention of Congress, and the members of the committee say, "Well, we did not have an opportunity to examine into that. This is the last day, boys, and if you raise any objection now it will result in a very great complication."

I think the Banking and Currency Committee should have gone into that matter in the hearings; and I do not think the Senate of the United States should pass such a measure, extending for 5 years more these vast powers to the Agricultural Department, or—which is, in effect, what it is—the Secretary of Agriculture, without a full discussion of all the facts involved in connection with the extension of the powers.

Mr. SMITH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from South Carolina?

Mr. BROWN. I yield.

Mr. SMITH. I should like to ask the Senator from Missouri a question.

Mr. CLARK of Missouri. I have not the floor.

Mr. BROWN. I yield to the Senator.

Mr. SMITH. The Congress passed an act forbidding this organization in reconcentrating cotton to do as they had done theretofore. I have not heard any complaint. Is the Senator advised that they are going to disregard that direction?

Mr. CLARK of Missouri. I have been advised that there has been considerable complaint in the Agriculture Department, and more particularly the Commodity Credit Corporation, and that it is their intention to go ahead and advertise for bids on the reconcentration of cotton. Of course, the Senator from South Carolina is as familiar as I am with the fact that there is one particular firm in this country that can underbid any other firm—that can afford to take the cotton for nothing, as a

matter of fact, and pay a premium on it, because we all know that what cotton "goes down their winding stair will ne'er return again." The Commodity Credit Corporation still clings to its idols; and I am not disposed to extend its power to flout the will of Congress for so long a term as 4 years without knowing more about what it is going to do with the power it now has. Since the Banking and Currency Committee did not find out about it, I think the bill ought to be recommitted, and some committee ought to find out about it.

Mr. SMITH. I take it that this bill is merely making an appropriation. It does not go into any of the details. It says something about the power of the Secretary of Agriculture.

Mr. CLARK of Missouri. If the Senator will read the first sentence, he will see that it also strikes out the term "June 30, 1941," which is the limit of the authority of the Corporation, and inserts "June 30, 1945." I say it is not fair to these vast powers—practically the powers of life and death over not only the cotton producers but other commodity producers of the United States—to bring such a bill as this in here on the last day of the term, and say, "Now, boys, just take it or leave it."

Mr. SMITH. Would it not be more appropriate, if the Senator will allow me, for us to modify the law that this bill makes provision to support? Let us modify the whole thing. I think this thing of moving cotton at the sweet will of business is all cockeyed; and, as the Senator says, there is one firm that could take the cotton and pay a billion dollars for it and make money out of it. We all know that they are the boss of the cotton market; but I do not see that this bill has anything to do with the substantive law which grants the Commodity Credit Corporation the powers they now have.

Mr. CLARK of Missouri. It extends those powers for 4 years.

Mr. SMITH. I know it extends them, but it is up to us to modify that phase of the legislation. That is the point I make.

Mr. GLASS. Mr. President, will the Senator yield?

Mr. BROWN. I yield to the Senator from Virginia.

Mr. GLASS. On behalf of the Senate Banking and Currency Committee, I simply want to say that we did not get the bill until this morning. The House held it up for over a month, and we did not get it until this morning, and there was no opportunity to discuss the details.

Mr. CLARK of Missouri. Mr. President, if the Senator from Michigan will permit me, I will say to the Senator from Michigan and the Senator from Virginia that I had no intention whatever of reflecting in any way on the Senate Banking and Currency Committee, which I know to be an able, diligent committee. My only suggestion in that respect has to do with the fact that whoever is responsible the matter has been dragged along until the very last day of the fiscal year, and now is brought in here under whip and spur, to be passed without dotting an "i" or crossing a "t," lest the

matter may be delayed or may be sent to conference, when it involves some extremely important issues which should be carefully considered by the Senate of the United States, as to whether we should extend this tremendous power.

The Senator from South Carolina [Mr. SMITH] says the way to handle that matter is by changing the basic law. I think the Senator from South Carolina will agree with me that after we once extend this tremendous power it is very much more difficult to change the basic law than it is at the time we are extending the power. It is very much easier in a legislative way to limit a grant of power when it is being extended than it is to secure a limitation after the power has been granted. In other words, we could do it now if we had opportunity to consider the matter by proper legislation—that is, by action of the Congress—and the President if he wanted to continue the organization would have to sign the bill. On the other hand, when we once grant this extension, while the Senate may be unanimously in favor of some limitation of the Corporation's authority, unless we could get an agreement with the House it would not go into effect, and if the President simply desired to continue to have the Secretary of Agriculture exercise this enormous power, all he would have to do would be to veto such a bill. It seems to me that we are sinning away our day of grace by permitting this bill to pass here today.

Mr. SMITH. Mr. President, if the Senator will allow me, I take it that obtaining the parity price of the basic commodities is very essential, and an appropriation has been made for that purpose. If we delay that and leave it out until we can change the organic law, we may do more harm than we do good. I am not in favor of Mr. Hutson, or whoever is at the head of this organization, changing the basis of the loans from the banks to the field agents.

Mr. BROWN. The Senator knows that there is nothing in this bill that authorizes or prohibits that being done.

Mr. SMITH. That is the point I am making. It does not pertain to that; but, if we pass this bill and allow this amount of money to be used, we can change the organic law in any way we see fit hereafter. It is a commentary on the Senate that we have not already done that. We ought not to have let the Corporation have the power to concentrate cotton in the hands of those who were able to submit bids. We ought to have waited until now. I am for this bill; I think it is essential to pass it, and we can take care of the other things in regular order.

Mr. BROWN. I may add to what the Senator has said that the farm organizations have been urging us to pass the bill as soon as possible.

Mr. BYRD. Mr. President—

Mr. BROWN. I yield to the Senator from Virginia.

Mr. BYRD. As I read section 2 it changes the whole fundamental basis of making the loans. Previously the loans have been made on the basis of market prices at the time of appraisal. They are now to be made on the basis

of the cost, including not more than 1 year of carrying charges.

Mr. BROWN. I will say to the Senator I am not at all surprised that he falls into error with regard to section 2, because it is difficult to understand it if it is not read in conjunction with the entire statute. But that provision relates solely to the basis of valuing assets. I was just about to go into that subject.

Mr. BYRD. It is not a provision for making the loans?

Mr. BROWN. It is not a provision for making the loans. Heretofore the assets were based on market value at the time the Corporation's report was made. The bill, in the interest of good business procedure and practice, I think, and in conformity with what is commonly done by private corporations, adds a provision to the effect that the valuation of the assets shall be the market value or cost, whichever is lower.

Mr. BYRD. But who is going to determine the cost? I have been in the agricultural business for 30 years, and the most difficult thing in the world is to determine the cost of an agricultural product.

Mr. BROWN. The determination of cost is made by the Corporation. We add the provision that the valuation may not be greater than the original cost of the agricultural product, which I think the Senator from Virginia will realize is an improvement.

Mr. BYRD. The Senator does not mean the cost of production?

Mr. BROWN. I have reference to the cost of the commodities involved.

Mr. BYRD. I should like to ask the Senator from Michigan to give a complete explanation of section 4.

Mr. BROWN. That is unnecessary, because the Banking and Currency Committee struck section 4 from the bill.

Mr. LUCAS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Illinois?

Mr. BROWN. I yield.

Mr. LUCAS. At the beginning of the Senator's remarks he said that he would supply certain figures for the Senator from Oregon relative to the total amount of losses by this Corporation on the basic commodities. I make the request, if I may, that when that information is furnished it be broken down, if possible, in line with the various commodities upon which the losses have been sustained, in order that we may ascertain what the loss has been upon each respective commodity.

Mr. BROWN. I will see that that is done. I may say that I have been advised that the losses have been comparatively slight.

Mr. TAFT. Mr. President, in relation to this bill, the Senator from Oregon asked for a statement of the losses of the Commodity Credit Corporation. So far as I can find out, the losses of the Corporation have been slightly in excess of \$200,000,000. The provision is that its assets shall be appraised on the 31st day of March; and if there is loss, the Treasury makes it up or we appropriate for it. The first time we appropriated \$94,000,000; last year we appropriated \$109,000,-

000; and we were told this morning that there is practically no loss, or only a million and a half dollars loss, for the current year. That would be a total of \$204,000,000 loss since the Corporation began to operate.

So the need for this additional capital is not due to losses, because to the extent that there have been losses the capital has already been made up by appropriations. The need for the additional capital is due to the fact that there is now under loan or owned by the Corporation \$1,300,000,000 worth of commodities. There may or may not be ultimate losses on those loans. We obviously cannot liquidate the loans, because, if we could, we would get the \$1,300,000,000 back, and we would not need to have another \$1,250,000,000.

The estimate made by the Department is that they will need this year, or may need, for loans on 6,500,000 bales of cotton, in addition to the 6,000,000 bales the Corporation already owns, \$455,000,000; for loans on 350,000,000 bushels of corn, \$250,000,000; for loans on 400,000,000 bushels of wheat, \$430,000,000; and \$82,000,000 for loans on tobacco, or a total of approximately \$1,200,000,000.

Personally I do not think they will need that much money; I think the amount is excessive; I believe that some of the loans which are already held will be liquidated before the new loans are required. I am very hopeful that will happen, for prices have gone up and it ought therefore to be comparatively easy to liquidate some of the old loans. I agreed, however, in the committee to go along with the increase, because some increase is necessary and because we have said that the Corporation must make these loans, and they will only make them if they are required by law to make them. I do not think we are encouraging the Corporation to any extravagance by giving them somewhat more power than they actually require, but I think, if we are going to go on indefinitely increasing the capital, that the policy certainly will have to be reconsidered. We started with \$100,000,000; we increased it in 1939 to \$900,000,000; in 1940 we increased it to \$1,400,000,000, and are now proposing to increase it to \$2,650,000,000. The increase, however, involves no change in the entire policy, and, in view of the fact that the power expires on Monday night, I believe we should now extend the life of this Corporation.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 1, line 6.

Mr. THOMAS of Oklahoma. Mr. President, in section 3 of this bill, as has just been stated, the amount of money available to the organization has been increased in the total sum of \$1,250,000,000. In section 4 of the bill the other body provided—

Mr. BROWN. Mr. President, will the Senator yield at that point?

Mr. THOMAS of Oklahoma. I yield.

Mr. BROWN. Section 4 has been eliminated from the bill.

Mr. THOMAS of Oklahoma. I understand that. I said that the House provided in section 4, or undertook to provide, that the farmers should receive 85

percent of the parity price in the form of loans or advances. The Senate committee has stricken section 4 from the bill, which would seem to indicate that, so far as this legislation is concerned, the farmers are not to be considered.

Mr. President, yesterday Mr. Leon Henderson issued some sort of a statement, and the Journal of Commerce of today carries his statement somewhat at length. On the first page of this publication I find a statement under a heading, as follows:

Cottonseed oil ceiling is planned by Henderson "far below" levels now.

In another article I find a heading:

"Ceiling" to be set on cottonseed oil.

Then I find in the body of one of the articles commenting upon Mr. Henderson's statement these words:

The trade expects that the grains—

That means corn, wheat, oats, rye, and other commodities—

soybeans and yard futures markets which will be open today will decline because of this warning.

That is a warning alleged to have been given by Mr. Leon Henderson, who is operating, as I understand, upon a Presidential decree and not with any legal authority back of his acts.

Mr. President, Congress to my knowledge for 10 years has been laboring and appropriating money to get the farmers parity prices, at least, upon their basic agricultural commodities. We have tried to insure the farmers prices upon the basis of parity prices for corn, wheat, cotton, and some of the other commodities which the farmers produce. The Congress has enacted legislation, it has passed appropriations, and the Treasury has been drained of some billions of dollars to try to get farm prices up. Now, when we have a chance to get farm prices up we find an agency of the Government, presumed or otherwise, driving prices down.

Yesterday, Mr. President, the price of July wheat closed on the New York market at \$1.06½. Today the price of wheat on the same market closed at \$1.03½, a decline of 3¼ cents per bushel. So the statement of Mr. Henderson has driven down the price of wheat today over 3 cents a bushel. I wonder how the wheat farmers in the South and the Central West who are marketing wheat today will react when they drive into the elevator and offer their wheat for sale and find that the wheat price is down 3 or 4 cents a bushel.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. McKELLAR. Is the Mr. Henderson of whom the Senator speaks an expert farmer or an expert economist on farming; or who is Mr. Henderson?

Mr. THOMAS of Oklahoma. Mr. President, he was before the Agricultural Committee a few days ago, and gave his background in some detail. As I remember, he stated that he had been a teacher, a professor, and an economist, and left the impression that he was a sort of a general specialist.

Mr. McKELLAR. Has he had any experience in farming or farm prices or farm economy of any kind?

Mr. THOMAS of Oklahoma. I cannot answer that question. However, as I remember, he stated that he was born on a farm. He made the statement that he had a staff of 250 men and women working in his organization. So here we have an organization set up by Presidential decree, embracing some 250 persons, assuming power that they admit they do not have to fix the prices on basic farm commodities.

Mr. McFARLAND. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield to the Senator from Arizona.

Mr. McFARLAND. Does the Senator know whether Mr. Henderson has done anything to reduce the price of the products the farmer has to buy?

Mr. THOMAS of Oklahoma. I cannot answer that question authoritatively.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield to the Senator from Missouri.

Mr. CLARK of Missouri. Am I to understand the Senator from Oklahoma as criticizing the use of the Presidential decree in any sort of defense matter, or anything that may be considered a defense matter?

Mr. THOMAS of Oklahoma. No; I am not at all making that criticism.

Mr. CLARK of Missouri. If so, I should like to find out where the Senator begins to draw the line.

Mr. THOMAS of Oklahoma. I am not making such a criticism. If we decide to go into the price-fixing business, it is my contention that we must either begin at the top and go down to the bottom, or commence at the bottom and go up to the top. When such a bill comes before the Senate, if it does, and if it is given the consideration that it should be given, the task will be comparable to the enactment of a tariff bill in which every commodity and everything the people buy and consume must have consideration, and must have a price fixed, and each price must be fixed in relation to and in harmony with the prices to be fixed on all other commodities including the wages for labor.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield to the Senator from Tennessee.

Mr. McKELLAR. The people of my State are somewhat interested in cotton. Did Mr. Henderson make any remarks on cotton?

Mr. THOMAS of Oklahoma. Yes; he is reported to have made a statement affecting cotton.

Mr. McKELLAR. If so, what effect did that have on the cotton market?

Mr. THOMAS of Oklahoma. It broke the cotton market this morning, so I am advised, a dollar and a half a bale. That is the alleged effect his statement had upon the price of cotton. Of course, in the cotton South, this year's crop has not yet reached the market; but there is a vast amount of cotton in storage, owned by the cotton farmers and planters of the South.

Mr. SMITH. Mr. President—

Mr. THOMAS of Oklahoma. I yield.

Mr. SMITH. The reason why Mr. Henderson's statement depressed the cotton market is that he broke the place where cotton is consumed. I have from the market this morning a statement of the price that this all-powerful gentleman fixed on cotton goods, if the Senator will allow me to refer to it.

Mr. THOMAS of Oklahoma. I yield.

Mr. SMITH. The statement I have is as follows:

The Government today—

The Government! I wonder who is the Government. I have been trying to find out for several years, and I have not found out yet.

The Government today established maximum prices on six leading types of cotton cloth.

That is where cotton goes.

Thirty-nine cents a pound for print cloth, card broadcloth, and tobacco cloth; 30 cents, 32 cents, and 33½ cents a pound for three classes of sheets; 54 cents a pound for combed broadcloths.

That is, some time ago this Government fixed the price—Mr. Henderson did; we are under his government—he fixed the price of combed yarns, out of which these broadcloths are made; and the mills quit making them and shifted to the manufacture of other goods which, they thought, as American citizens, they might have a right to produce under the law of supply and demand.

I think we had better adjourn and let Mr. Henderson take charge. He seems to be doing a satisfactory job to himself. I do not know whether he knows a cotton stalk from a jimson weed, or a cornstalk from a fishing pole, but that does not enter into this equation. The question is, What does he want? Not what you want, or what I want, or what we, the supposed representatives of the sovereignty of the States and, with the other House, of the people, want. We hunt around to see just what he wants; and in the meantime, while the Parity Price Act is seeming to have a good effect, and those administering it say, "All right; we will put cotton up to 16 cents a pound," he says, "No! Who are these House Members and who is that bunch of so-called Senators?"

We have gotten ourselves into the most absurd, ridiculous, humiliating condition of any legislative body in the world, turning over all of our rights to those who never were elected. They could be, for matters have come to such a pass that almost anybody could be elected. But we are here and do not exercise any authority. We had a meeting this morning, and we served some notice on Brother Henderson, and he will tell us to go to— heaven. [Laughter.]

Mr. THOMAS of Oklahoma. Mr. President, we have in our Government a bureau which has developed a formula for working out and determining parity prices. That bureau is the Bureau of Agricultural Economics. On May 15 this Bureau worked out the parity price on wheat.

Mr. NORRIS. Mr. President, since the Senator is taking up a new branch of the

subject he is discussing, would he permit me to submit a conference report?

Mr. THOMAS of Oklahoma. I intend to take only a moment more.

Mr. NORRIS. Very well.

Mr. THOMAS of Oklahoma. I have stated that I have no objection to the bill pending before the Senate. The striking out of the 85-percent-parity section gave me a chance to make these few remarks.

I had just stated that we have a bureau which assumes to fix parity prices. On the 15th of May the parity price of wheat as determined by this Bureau was \$1.149. In round figures, the parity price of wheat on the 15th of May was \$1.15 a bushel. Yesterday wheat sold at \$1.06 a bushel, and because of price-fixing statements the price broke this morning to \$1.03 a bushel.

Mr. SMITH. What is the name of the individual? Is it Mr. Henderson?

Mr. THOMAS of Oklahoma. The Senator is correct.

Mr. SMITH. Call his name.

Mr. THOMAS of Oklahoma. So the price of wheat today is 12 cents below parity. On the 15th of May the same Bureau fixed the parity price of corn at 83½ cents a bushel. Yesterday corn on the July market was selling for 74¾ cents a bushel, or almost 9 cents below the parity price. And today, because of the general break in the corn market—as in cotton, wheat, and other commodities—corn fell in price one and a half cents a bushel.

The parity price of cotton as fixed by the official Bureau is 16.12 cents. July cotton sold on the market yesterday at 14.97 cents, just less than 15 cents a pound, and I understand it broke this morning \$1.50 a bale, which would be some 30 points down.

It occurs to me that we should not, if we can prevent it, permit any agency of the Government to do anything to lower the prices of these commodities so long as such prices are under parity. When prices reach parity, we might consider putting on the brakes in order to keep the prices from skyrocketing to the injury of consumers.

But until the prices of wheat, corn, cotton, and other basic commodities reach parity, the farmers who produce such commodities are not on a living basis, because parity prices are fixed so that the farmers will receive a certain sum for their wheat in order to be able to buy on an equality the things which they must buy. The same principle applies to the prices of cotton, corn, and of other basic commodities.

Recently the Senate adopted a resolution requesting the Committee on Agriculture and Forestry to consider and to recommend to the Senate legislation under which and by which parity prices might be determined. At the request of the committee, the Bureau of Agricultural Economics is now at work upon such a formula. In addition to this Bureau being at work upon the formula, private agencies are likewise at work upon the formula. So as soon as we have a report from the Bureau of Agricultural Economics we will take their report as a basis and compare it with the reports

from private concerns. I might suggest that Colonel Westbrook, who has been employed by the Government for years, is working upon the proposition; and Mr. Ed Kennedy, who used to belong to the Farmers' Union, and now has an organization of his own, is likewise working upon the proposal. So very shortly, I hope, that the Committee on Agriculture and Forestry will be able to report to the Senate the text of a measure suggesting a formula which, if enacted, will provide a plan for arriving at parity prices.

Mr. President, I introduce a bill and ask that it be read in my title.

Mr. McNARY. Mr. President, will the Senator yield before that is read?

Mr. THOMAS of Oklahoma. I yield.

Mr. McNARY. Is the Senator familiar with section 301 of the Agricultural Adjustment Act, wherein parity prices are defined, and upon which Congress has acted from year to year?

Mr. THOMAS of Oklahoma. Yes; I am familiar with the section, which is the basis upon which the Bureau of Agricultural Economics operates. But I think that section is conceded by all not to be sufficiently broad and all-embracing to authorize and direct the proper formulation of parity prices.

The VICE PRESIDENT. Without objection, the clerk will read the bill introduced by the Senator from Oklahoma.

The bill (S. 1637) relating to price fixing, was read the first time by its title, and the second time at length, as follows:

Be it enacted, etc., That pending the enactment of legislation establishing a definite formula for the determining of parity prices on basic agricultural products no agent of the Government, elected or appointed, shall fix or undertake to fix and establish a price or prices on any such basic agricultural product or products, or on the byproduct derived or manufactured from any such product below the parity price or prices fixed on such basic agricultural product or products by the Bureau of Agricultural Economics: *Provided,* That with respect to the byproduct of any such basic agricultural commodity, no attempt shall be made and no price shall be fixed and established on any such byproduct which will have the effect of fixing the price on any such agricultural product below such parity price or prices as is provided herein.

Sec. 2. Any person violating the provisions of this act shall, upon conviction, be removed from office and in addition shall be fined in any sum not exceeding \$1,000 under each order made and issued attempting to fix a price or prices on any such agricultural product or the byproduct of any such agricultural product as mentioned and provided in this act.

The VICE PRESIDENT. Will the Senator from Oklahoma indicate to which committee he desires to have the bill referred?

Mr. THOMAS of Oklahoma. I ask unanimous consent that the bill be referred to the Committee on Agriculture and Forestry.

The VICE PRESIDENT. Without objection, the bill is so referred.

Mr. TAFT subsequently said: Mr. President, I wish to say a word about the matter discussed by the Senator from Oklahoma [Mr. THOMAS]. I have previously pointed out that Mr. Henderson has no shadow of legal authority to fix

prices. It may or may not be necessary to fix prices, but certainly if prices are fixed they should be fixed not by Mr. Henderson but by some board. Certainly the Secretary of Agriculture should be on such a board. Certainly the Secretary of the Interior, who has power to fix coal prices, should be on such a board. This power is sought for the purpose of controlling inflation, and therefore the Federal Reserve Board and the Secretary of the Treasury ought to be represented on such a board. There should be at least 5 persons on it.

I have taken a good deal of trouble in preparing a brief, which I filed with the Senate Committee on Agriculture, to show that Mr. Henderson has no authority whatever today to fix prices, and I ask unanimous consent that this brief be printed in the RECORD in connection with my remarks.

There being no objection, the brief was ordered to be printed in the RECORD, as follows:

JUNE 20, 1941.

MEMORANDUM OPINION PREPARED BY SENATOR TAFT THAT MR. LEON HENDERSON, THE ADMINISTRATOR OF THE OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY, IS WITHOUT AUTHORITY TO FIX PRICES

CONTENTS

I. Statement of facts.

II. Argument:

1. There is no statutory authority for price-fixing orders.

2. There is no constitutional authority for the President to fix prices.

3. War Industries Board action no precedent.

III. Conclusion.

I. STATEMENT OF FACTS

Both in his capacity as head of the Division of Price Stabilization of the National Defense Advisory Commission and as Administrator of the Office of Price Administration and Civilian Supply, Mr. Leon Henderson has issued a number of orders purporting to fix prices. On February 17 he issued an order which stated:

"On and after March 1, 1941, prices for second-hand machine tools, exclusive of extras, shall not exceed the prices set forth in appendix A attached to this schedule. No person shall charge or demand for such tools prices higher than those set forth in appendix A; and no dealer, as agent for a person, shall buy or offer to buy such tools at higher prices."

On March 24, 1941, he issued an order on aluminum scrap, the terms of which read:

"On and after March 25, 1941, regardless of the terms of any commitment theretofore entered into, no maker of aluminum scrap shall sell, offer to sell, deliver, or transfer at a price, aluminum scrap made by him at prices higher than the prices set forth in column I of appendix A attached to this schedule, and no person shall buy, or offer to buy aluminum scrap from the maker of such aluminum scrap at higher prices."

On March 31 he issued a similar order relating to zinc scrap, and on April 3 relating to iron and steel scrap. On April 2 he proceeded to fix the price of bituminous coal in an order reading as follows:

"On or after April 3, 1941, no person selling bituminous coal, whether producer, distributor, retailer, or any other seller, shall sell or deliver bituminous coal at a price exceeding the ceiling price. The ceiling price shall be the price received by such seller for a similar sale or delivery made on March 28, 1941."

This order was subsequently amended and then revoked.

On April 16 he issued an order fixing the price of iron and steel product in similar sweeping terms. The order in which this committee is particularly interested is entitled "Price Schedule No. 7—Combed Cotton Yarns," the principal provision of which reads:

"On and after May 26, 1941, regardless of any existing commitment, no person shall for commercial use sell or deliver, or offer to sell or to deliver, any combed yarn, and no person shall for commercial use buy or accept delivery of, or offer to buy or to accept delivery of, any combed yarn at a price exceeding the maximum price set forth in appendix A."

Since that time numerous other orders have been issued, including a recent order on June 14 fixing the price of certain hides, kips, and calfskins. The essential paragraph of this order reads as follows:

"On and after June 16, 1941, regardless of the terms of any contract of sale or purchase or other commitment, no person shall sell or deliver, or offer to sell or deliver, any hides, whether for immediate or future delivery, and no person shall buy or accept for delivery any hides, whether for immediate or future delivery, at a price exceeding the maximum price set forth in appendix A."

The order also places a ceiling on the price of kips and calfskins by a section identical to the one just set forth.

The various orders to which I have referred contain a large amount of additional detail regarding practices and terms. The schedule fixing the price of hides, for example, requires that every purchaser of hides for immediate or future delivery shall file a sworn statement with the Price Administration that he has complied with the terms of the schedule. Detailed records of every purchase or sale must be kept for inspection. This schedule also prohibits a brokerage commission of more than 3 percent of the purchase price if added to the maximum price established thereunder. They are all drafted like statutes and purport to be issued under regular authority and have the effect of law. No specific penalty is prescribed, but in the coal and yarn orders there is a paragraph entitled "Enforcement," reading as follows:

"In the event of refusal or failure to abide by the price limitations, report requirements, and other provisions contained in this schedule, or in the event of any evasion or attempt to evade the price limitations or other provisions contained in this schedule, the Office of Price Administration and Civilian Supply will make every effort to assure (1) that the Congress and the public are fully informed of any failure to abide by the provisions of this schedule; and (2) that the powers of the Government are fully exerted in order to protect the public interest and the interests of those persons who conform with this schedule in the observance of the maximum prices herein set forth. Persons who have evidence of the demand or receipt of prices above the limitations set forth, or any evasion or effort to evade such prices, or of speculation, or of the hoarding or accumulation of unnecessary inventories thereof, are urged to communicate with the Office of Price Administration and Civilian Supply."

It should be noted that these are not orders relating to defense materials. They are not confined to articles required by the Government. They are general orders purporting to have the effect of law and to apply to all citizens of the United States buying or selling the articles named for wholly private purposes. In short, the orders have no direct relation to the war, but rather to an economic theory of Mr. Henderson, no doubt correct as an economic theory, that we should avoid inflation both before and after the war. The penalty prescribed appears to be a public smearing of those whom Mr. Henderson considers violators, plus the use of governmental powers having no relation to price fixing,

which perhaps might make uncomfortable the life of the violator.

I am not considering in this brief the question whether the Government should have authority to fix prices. Personally I think there should be some such power, but I do contend that Mr. Henderson is acting wholly without authority, that his action represents the most complete usurpation of authority vested solely in Congress, and that if acquiesced in, it would enlarge executive authority to an extent dangerous to the future of the Republic.

II. ARGUMENT

1. There is no statutory authority for price-fixing orders

A careful study of the brief filed by the general counsel reveals that there is really no claim made for the extension of any statutory authority. In fact, it is admitted that there is no such specific authority. On page 2 the general counsel states:

"It is submitted that there is authority to assure the ceiling price schedules. Lest this be misunderstood, however, it may be appropriately stated here that the existence of power to enter upon a program of price stabilization in the absence of congressional authorization by no means suggests the impropriety of legislative action by Congress."

It is perfectly clear, therefore, that there is no statute granting to the Price Administration any power to fix prices. Nor is there any statute granting to the President any authority to fix prices. Section 2 (b) of the Executive order establishing the Price Administration refers to four statutes which might enable the Administration to carry out and secure compliance with the price schedule, but none of these makes any reference whatever to the fixing of prices.

Reference has been made to a letter which the Department of Justice wrote to Mr. Henderson with relation to assistance they were willing to render him in connection with price fixing. This letter sets out an arrangement by which the Department of Justice and Mr. Henderson will consult together regarding actions taken under the Sherman antitrust law, and implies that the Department will prosecute those who are holding up prices contrary to that law. Since 90 percent of the price increases of today are resulting from the natural law of supply and demand rather than from combinations in restraints of trade, this means that the Department of Justice is only interested in that small proportion of price increases which really violate the Sherman law. They do not need Mr. Henderson to deal with those.

An examination of the four statutes which are referred to in the Executive order illustrate the arbitrary character of the price-fixing procedure. These statutes include two which authorize the President to take over plants necessary for defense purposes where they refuse to take orders on reasonable terms. One of these is the Selective Service Act which the Senate recently amended to permit the Government to take over any plant where production of defense materials may be delayed by reason of a strike. The third statute is one authorizing the President to decree priorities and preference in transportation, which has been supplemented by a recent priority statute intended to promote the Government defense program. The fourth statute authorizes the commandeering of certain goods intended for export but needed for the defense program. The implication is very clear. If any man refuses to comply with Mr. Henderson's order on prices, which he has no right to issue, he threatens to commandeer his plant, if he is a manufacturer, or prevent his making shipments, or seize his property. The great bulk of the transactions which Mr. Henderson is prohibiting will not involve any manufacturing plant. It might well be a plant which had no relation to national defense. Transportation

facilities are still so adequate that no priorities have been ordered within the United States. The suggestion is that if any man refuses to obey an order issued by Mr. Henderson, which he has no right to make, the Government will use powers granted to it for other purposes to punish that disobedience. To state the proposal is to condemn it. It is purely and simply Government blackmail. If that procedure is justifiable, no rights remain to any individual in the United States against the arbitrary action of executive officials. The same procedure could be used to suspend every provision of the Bill of Rights.

Just what is Mr. Henderson's authority? A survey of the steps creating the Office of Price Administration and Civilian Supply is necessary in order to trace it effectively.

The origin of the Office of Price Administration and Civilian Supply is found in two actions by the President on September 8, 1939: His proclamation of a limited national emergency; the issuance of an Executive order establishing six principal divisions within the Executive Office of the President, one of these divisions being:

"(6) In the event of a national emergency, or threat of a national emergency, such office for emergency management as the President shall determine."

This Executive order stated it was issued to effectuate the purposes of the Reorganization Act of 1939 by organizing the Executive Office of the President with functions and duties so prescribed and responsibilities so fixed that the President will have adequate machinery for the administrative management of the executive branch of the Government.

Since this Executive order was the forerunner of a series of orders enlarging and amplifying it, it is proper to determine at this time its true effect.

The Reorganization Act, as its title clearly indicates, grants to the President power to reorganize various existing agencies of the Government for the purpose of reducing expenditures and promoting efficiency. The act does not grant to the President any new powers. It provides specifically that—

"No reorganization * * * shall have the effect * * * (c) of authorizing any agency to exercise any function which is not expressly authorized by law."

On May 25, 1940, the President issued an administrative order establishing the Office for Emergency Management within the Executive Office of the President and defining its duties. These duties were chiefly to maintain liaison between the President and various governmental agencies for the purpose of obtaining maximum utilization and coordination in meeting the threatened emergency.

On January 7, 1941, the President issued another administrative order further defining the duties and functions of the Office for Emergency Management. This order, while more elaborate than the one of May 25, 1940, still defined the duties of the Office for Emergency Management as primarily those of coordinating the activities of the various governmental agencies.

On April 11, 1941, the President issued an Executive order establishing within the Office for Emergency Management the Office of Price Administration and Civilian Supply. This order, among other things, authorized the Administrator to:

"C. Determine and publish, after proper investigation, such maximum prices, commissions, margins, fees, charges, or other elements of cost or price of materials or commodities, as the Administrator may from time to time deem fair and reasonable; and take all lawful and appropriate steps to facilitate their observance."

It is significant that the order did not mention any particular statute on which it relied for authority, but merely said:

"By virtue of the authority vested in me by the Constitution and the statutes, and in order to define further the functions and duties of the Office for Emergency Management."

A study of the several Executive orders reveals that the President had no more authority to fix prices at the time of the order establishing the Office of Price Administration and Civilian Supply than he did at the time of the issuance of the first order in 1939 creating the Office for Emergency Management. The Price Administration is merely an offspring of that office. It cannot possibly have greater powers than its parent. As shown above, the Office for Emergency Management was created under the Reorganization Act, which did not confer on the President any additional powers. Since there was no statute at that time authorizing the fixing of prices, and since no statute has been passed since that time, it is obvious that the Price Administration could not derive its authority from any powers possessed by the Office for Emergency Management.

Not only is there no statute authorizing the fixing of prices, but there is no statute which even remotely relates to the subject, so that there can be no authority to fix prices implied from any existing statute.

2. There is no constitutional authority for the President to fix prices

An examination of the Constitution shows without question that there is no express power vested in the President to fix prices or to do any similar act. The only possible provision under which anyone could claim such authority is the general provision of article 2, section 1, that "the executive power shall be vested in the President of the United States of America," and the provision in section 2 that "the President shall be Commander in Chief of the Army and Navy of the United States."

It can hardly be contended that the President can fix prices throughout the length and breadth of the United States because he is Commander in Chief of the Army and Navy. Even in time of war the powers of the Commander in Chief must have some direct relation to the conduct of the war itself. Thus within the actual fighting area where civilian law is suspended, the President could no doubt fix prices under martial law. It might be contended that he could seize goods needed for the Army and Navy and fix the price of payment outside of the war area, although I believe he could only do this outside of a war area under authority from Congress, such as is proposed in the bill now pending in the Military Affairs Committee. Certainly he cannot, as Commander in Chief, even in time of war, fix prices between two private parties in sections remote from the war area. In time of peace his lack of authority is even more clear. Literally millions of sales and similar transactions take place every day without the slightest relation to the conduct of the war itself. In considering the claim that article II constitutes a grant of power over and above any powers granted by law, there are circumstances under which this may be true. On the other hand, article I states clearly that "all legislative powers herein granted shall be vested in a Congress of the United States," and article III states that "the judicial power of the United States shall be vested in one Supreme Court and in such inferior courts as the Congress may from time to time ordain and establish." It is clear, therefore, that this general grant of executive power to the President does not infringe upon the legislative power of Congress, and cannot be construed to give the President power to deal with any questions of general public policy ordinarily dealt with by Congress.

Thus Congress alone authorized the Interstate Commerce Commission to fix railroad

rates; and neither railroad nor utility rates have ever been fixed in State or Nation except by legislative act. Congress, by statute, has authorized the fixing of the price of coal and given that power to the Bituminous Coal Commission. No one ever thought of claiming that the President could fix the price of coal without an act of Congress. Congress has passed an elaborate law giving the Secretary of Agriculture all kinds of power over agricultural products, many of which are designed to increase their price. In fact, there can be little doubt that Congress has occupied the entire field of price fixing in relation to agricultural products. If Congress were to give Mr. Henderson authority to fix prices, it would certainly not extend that authority to coal and agricultural products. The effect of Mr. Henderson's claim is to create a complete confusion and conflict of authority. He claims the right to fix the price of coal at one price when the Bituminous Coal Commission has the right to fix it at another. He may completely disagree with the Secretary of Agriculture and produce a situation destructive of the Secretary's policies. This power cannot be both legislative and executive. Surely it must be clear that price fixing is not a power conferred by the Constitution on the President.

There has always been a question whether the general grant of executive power confers on the President any powers other than those more specifically described in section 2. The general counsel quotes from Professor Corwin a statement that "pending action by Congress, the President may, if the emergency is sufficiently pressing as in 1861, adopt a temporary measure calculated to meet the emergency, which measure will be law until superseded by congressional action." This statement seems somewhat extreme, but can only be justified if the failure to act involves some real and immediate danger to the country. It certainly does not justify the fixing of prices to prevent a possible price rise in one or two relatively unimportant commodities, with the underlying purpose of preventing a general inflation many months from this time.

The general counsel misstates the views of President Taft, which are clearly set forth in his writings and in his decision in the Myers' case. His views are entirely consistent. He disputes completely the so-called stewardship theory of Theodore Roosevelt that the Executive power is limited only by specific restrictions and prohibitions appearing in the Constitution or imposed by Congress. I know of no lawyer or constitutional writer who supports Mr. Roosevelt on that question; certainly not Mr. Corwin himself. On the other hand, President Taft took the view that the grant of executive powers does confer some powers of an executive nature not specifically mentioned in the Constitution. Thus the executive power includes the power to remove as well as the power to appoint, because it can only be exercised through agents, and those agents must be responsible to the President if he is to be an Executive at all. Various other powers are incident to the duties of any executive in the enforcement of law and the maintenance of order. But nowhere is there the slightest authority in any court decision or in the writings of any responsible authority for the claim that the executive power includes a general fixing of all prices throughout the United States.

It is contended that the declaration of an unlimited national emergency in some way enlarges the President's powers. Of course, the Constitution says nothing whatever about emergencies. There are a number of statutes which specifically confer upon the President additional powers in case he finds that an emergency of one kind or another exists, but price fixing is not one of these additional powers. If the President, by declaring an emergency, could give himself additional

powers not granted by Congress, there would be nothing left to the American Constitution. If an emergency can be declared today, it can be declared after the war is over. We can live in a state of perpetual emergency.

Those who wrote the Constitution were determined to make our form of government as permanent as possible. They imposed the restrictions on power and the division of powers for the very purpose of preventing any one man or group of men from acquiring gradually all the powers of government. They knew that every democratic government in the history of the world had degenerated into an autocracy because those powers had been concentrated in the time of emergency in the hands of a single individual. They made no provision for setting aside the Constitution in time of emergency such as we find in some of the South American countries. The Supreme Court has frequently said that no new powers are created even by war.

It is difficult to exaggerate the danger of the proposition advanced by Mr. Henderson. If the President has power to fix prices without legislative authority then he may fix wages. The two powers are of exactly the same nature. He could fix all the practices connected with prices, as in fact he does in some of these orders, for unless practices are fixed, it is possible to evade price regulations. He would necessarily have power to fix margins for wholesalers and retailers. He would have power to fix profits. Power to fix prices involves a fundamental control not only over all economic life, but over the life of every citizen, for there is no family in this country which does not buy or sell commodities or both. The power to fix prices implies the power to bankrupt men who are engaged in business. It implies the power to determine the economic status of millions of workers. The man who can fix the price of all transactions in his own arbitrary discretion can be as complete a dictator as exists today in Europe.

If this power to fix prices exists in the Executive without legislative authority, then it is unlimited and arbitrary. If Congress passes a law it can limit the power to specific articles or to special kinds of transactions. It could provide for an appeal from Mr. Henderson's arbitrary fiat to a board which would treat the citizens' rights in a judicial way. It could provide for compensation in cases that amount substantially to confiscation. But if Mr. Henderson's theory is right there is no limit to his power.

3. War Industries Board action no precedent

The general counsel's memorandum lays great stress on the fact that the War Industries Board fixed prices during the World War without express statutory authority. There were, however, a number of substantial differences. The War Industries Board did not attempt to fix prices except for those commodities which the Government was buying for war purposes. They were not interested in the general subject of inflation because a tremendous inflation had already occurred before the war. We had been at war a considerable length of time before they acted and their action was a direct relation to the conduct of the war.

Unless the War Industries Board had legal authority to fix prices it certainly cannot be now argued that the Price Administration has legal authority. It is admitted by the memorandum of the general counsel that the President during 1917 and 1918, had no specific authority to fix prices, saying (p. 4): "The Executive authority to announce maximum prices was exercised by the President, and agencies designated by him during 1917 and 1918, in the absence of specific statutory authorization."

It is certainly strange reasoning to attempt to obtain authority for the fixing of prices today because prices were fixed without au-

thority during World War I. Reliance on Presidential prestige and the enthusiasm of the people should only be sought when there is no other recourse. The greater the emergency the more important it becomes that Congress exercise its true function.

The general counsel's reliance on the fact that the War Industries Board also fixed prices is further weakened by a study of the methods used by the Board to fix prices. A reading of the orders discloses that the so-called fixed-price announcements were, in reality, agreements between the Board and the industry. For example, on September 24, 1917, a statement was issued by the Board announcing the fixing of iron and steel prices, which was the first instance in which the War Industries Board had fixed any price whatsoever. The first paragraph of that order read as follows:

"The President has approved an agreement between the War Industries Board and the steel men, fixing the following prices, which became effective immediately and are subject to revision January 1, 1918."

The last paragraph of that order read:

"A spirit of cooperation was manifested by the steel men, and no doubt is entertained that every effort will be made to bring the production as nearly as possible up to the extraordinary demands resulting from the war."

Further evidence that the fixed-price announcements were, in reality, agreements with the industry, is found in a statement by Dr. Taussig, the Chairman of the United States Tariff Commission and a member of the Price-Fixing Committee, as follows:

"The prices fixed were in all cases reached by agreement with the representatives of the several industries. In strictness they were agreed prices rather than fixed prices. The agreements were usually reached in cordial cooperation with the producers concerned, and thus were in reality voluntary. There were cases, however, in which they were agreements only in name. The representatives of some industries, though they accepted them, did so virtually under duress. In these cases the committee to all intents and purposes decreed prices and was enabled to impose them, under the form of agreement, by a more or less veiled threat of commandeering, and also by the certainty that public opinion would condemn those who failed to accede."

The method employed by Mr. Henderson and the Price Administration is quite different, as a reading of any price schedule will demonstrate. While it may be supposed that industry will cooperate more and more with Mr. Henderson and is already doing so, the price schedules already issued have not been agreements. In fact, the schedules themselves indicate a new and curious attitude on the part of the Federal Government. They openly announce that failure to comply will result in the Price Administration's making every effort to assure "that the Congress and the public are fully informed of any failure to abide by the provisions of this schedule."

The schedule then proceeds to solicit the support of the public in the role of stool pigeon, viz:

"Persons who have evidence of the demand or receipt of prices above the limitations set forth, or any evasion of or effort to evade such prices, or of speculation or of the hoarding or accumulation of unnecessary inventories, are urged to communicate with the Office of Price Administration and Civilian Supply."

It is manifest that the quotations from the above schedule are not conducive to cooperation, if, indeed, any was ever intended. The variance between the fixed-price announcements of the War Industries Board and later its price-fixing committee is such as to remove even any reliance on the fixed-price announcements by the Price Administration

as a precedent, let alone as the basis for legal authority.

If any further proof is needed that the fixed-price announcements made in 1917-18 constitute neither precedent nor authority for the present practices of the Price Administration, it is found in the recent book by Mr. Bernard M. Baruch, American Industry in the War. Mr. Baruch, who was chairman of the War Industries Board, devotes many pages to the argument that individual price fixing will not succeed. He points out that it is confiscating and wholly impracticable; it cannot eliminate inflation and it is fundamentally unsound. He goes ever further and urges the enactment of a statute giving the President broad powers over the fixing of prices. He says on page 441:

"We improvised in 1917 because we had to. I know of no benefit that came from our total lack of prevision and consequent necessity for improvisation of fundamental war measures."

On the basis of his experience with the War Industries Board, Mr. Baruch urges action by Congress. He desires to improve on the methods which were used then without legal authority. And by demonstrating that the methods of 1917-18 were those of improvisation, he removes all doubt as to whether those methods constitute sufficient precedent for the issuance of price schedules today.

III. CONCLUSION

In conclusion I respectfully submit that there is not even a respectable argument in behalf of Mr. Henderson's right to fix prices; that there is no statutory authority; that there is no constitutional authority and no authority in precedent. My own belief is that we should take every possible means to lessen inflation, which will inevitably be caused by the defense program, and that price fixing is one of the means which we might well decide to use. I would support a statute conferring upon proper authorities the power to fix certain commodity prices. In general, I would not apply it to agricultural prices because that power ought to be vested in the Secretary of Agriculture. In the World War food prices were not controlled by the War Industries Board but by the Food Administration.

If such a statute is proposed, it should provide for the cooperation of industry, a full opportunity to be heard, and an appeal to a board before any order is made permanent. But if we acquiesce in the theory that the Executive has power to fix prices, we might as well abandon our function of legislation and adjourn for the duration of the war.

EXTENSION OF LIFE AND INCREASE OF CREDIT RESOURCES OF THE COMMODITY CREDIT CORPORATION

The Senate resumed the consideration of the bill (H. R. 4972) to extend the life and increase the credit resources of the Commodity Credit Corporation, and for other purposes.

Mr. BROWN. Mr. President, may we have the first amendment stated?

The VICE PRESIDENT. The clerk will state the first amendment of the committee.

The LEGISLATIVE CLERK. On page 1, line 6, it is proposed to strike out "1946" and insert "1945."

Mr. CLARK of Missouri. I suggest the absence of a quorum.

Mr. BROWN. Mr. President, I thought we might have disposed of the bill, and I had agreed to yield to the Senator from Nebraska for a routine matter.

The VICE PRESIDENT. Will the Senator from Missouri withhold his request?

Mr. CLARK of Missouri. I withhold the request.

AMENDMENT OF T. V. A. ACT—CONFERENCE REPORT

Mr. NORRIS. Mr. President, I conferred with the Senator from Michigan about yielding for the purpose of permitting me to call up a conference report, which I do not think will excite any debate.

Mr. BROWN. I yield.

Mr. NORRIS submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 2097) to amend the Tennessee Valley Authority Act, as amended, by striking therefrom subsection (k) of section 4 and substituting therefor a new subsection "(k)" having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement of the amendment of the Senate, and agree to the same with an amendment, as follows:

In lieu of the language proposed to be inserted by the Senate amendment, insert the following:

"(k) Shall have power in the name of the United States—

"(a) to convey by deed, lease, or otherwise, any real property in the possession of or under the control of the Corporation to any person or persons, for the purpose of recreation or use as a summer residence, or for the operation on such premises of pleasure resorts for boating, fishing, bathing, or any similar purpose;

"(b) to convey by deed, lease, or otherwise, the possession and control of any such real property to any corporation, partnership, person, or persons for the purpose of erecting thereon docks and buildings for shipping purposes or the manufacture or storage thereon of products for the purpose of trading or shipping in transportation: *Provided*, That no transfer authorized herein in (b) shall be made without the approval of Congress.

"(c) to transfer any part of the possession and control of the real estate now in possession of and under the control of said Corporation to any other department, agency, or instrumentality of the United States: *Provided, however*, That no land shall be conveyed, leased, or transferred, upon which there is located any permanent dam, hydro-electric power plant, or munitions plant heretofore or hereafter built by or for the United States or for the Authority, except that this prohibition shall not apply to the transfer of Nitrate Plant No. 1, at Muscle Shoals, Ala., or to Waco Quarry: *And provided further*, That no transfer authorized herein in (a) or (c), except leases for terms of less than 20 years, shall be made without the approval of the President of the United States, if the property to be conveyed exceeds \$500 in value; and

"(d) to convey by warranty deed, or otherwise, lands, easements, and rights-of-way to States, counties, municipalities, school districts, railroad companies, telephone, telegraph, water, and power companies, where any such conveyance is necessary in order to replace any such lands, easements, or rights-of-way to be flooded or destroyed as the result of the construction of any dam or reservoir now under construction by the Corporation, or subsequently authorized by Congress, and easements and rights-of-way upon which are located transmission or distribution lines. The Corporation shall also have power to convey or lease Nitrate Plant No. 1, at Muscle Shoals, Ala., and Waco Quarry,

with the approval of the War Department and the President."

And the Senate agree to the same.

E. D. SMITH,
ELMER THOMAS,
G. W. NORRIS,
CHAS. L. McNARY,

Managers on the part of the Senate.

A. J. MAY,
R. E. THOMASON,
CHARLES R. CLASON,

Managers on the part of the House.

Mr. NORRIS. I ask for the present consideration of the conference report. The VICE PRESIDENT. Is there objection?

Mr. DANAHER. Will not the Senator from Nebraska explain to us the effect of the changes?

Mr. NORRIS. Mr. President, under the present law the Tennessee Valley Authority Board has no power whatever to lease or sell any of the land which it took while building the various dams. A vast amount of land was overflowed, and the Authority attempted to get, and did get, so far as I know, land extending a few rods beyond the shore line so as to prevent contamination.

It often happened, in acquiring land, that the Authority necessarily had to take the better part of a man's farm. It has acquired a good deal of land, so that it owns property all around the various lakes. In the vicinity of every one of the lakes there is developing now a desire to build cottages, summer homes, fishing cabins, boathouses, swimming facilities, and the like, for recreation purposes. Under the law the Authority had no right to permit such things. Others have contemplated the building of manufacturing establishments as well as storage houses around these lakes. Others propose to go into the transportation business in various ways in view of the development of navigation on the Tennessee River. Such persons would have to come to Congress every time they wanted to obtain any one of these small privileges.

There is another thing which I believe to be of great importance. In connection with the development work, lands have been overflowed. Often schoolhouse sites have been overflowed, and in other instances railroads have been overflowed, necessitating the removal of schoolhouses and railroads. In other places telephone lines have had to be removed. In most cases the removal could be a simple matter. The school authorities could agree with the T. V. A. to move the schoolhouses a short distance onto land that was not overflowed, land that was then owned by the Government, and under the control of the T. V. A., but often the school authorities would not agree to such removal unless they could get good title; and under the law they would have to come to Congress every time in order to obtain good title.

As I have said, in other cases railroads had to be moved as a result of the overflowing of ground. There is at present one pressing railroad situation. That is the reason I am anxious to get the matter settled as soon as possible. In the building of the dam which was suggested by the O. P. M. as a defense project, the con-

struction of which is now going ahead with great expedition, a railroad will be overflowed, and I think some schoolhouses will also be overflowed, as well as some public roads. There will be no difficulty about adjusting the matter if those in charge of making the adjustments are permitted to give title to land outside the overflowed lands. However, under the law, the T. V. A. cannot do so, and unless we pass a special act, or unless the pending measure is agreed to, that cannot be done.

The bill under consideration is a House bill. It contains a provision providing for the leasing, or selling, or transferring of Waco Quarry, a limestone quarry about 30 miles from nitrate plant No. 2. Nitrate plant No. 1 was an experimental plant, which was never a success and never produced anything. In fact, the T. V. A. does not desire it. If any other department of the Government desires to obtain it, the T. V. A. is willing to transfer it to such department.

The House conferees insisted on another provision, and in order to obtain any agreement we agreed to that provision. The Senate bill provided that the T. V. A. could lease manufacturing establishments anywhere on land which the Government owned and controlled on any of the lakes or streams or on the Tennessee River. The House insisted that the power should not be granted to the Authority except with the consent of Congress, and the Senate conferees have been compelled to agree to that provision.

If there are any other questions about the report, I shall be glad to answer them.

Mr. DANAHER. I thank the Senator from Nebraska.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

TERM OF ACTIVE SERVICE OF NATIONAL GUARD MEN

Mr. VANDENBERG. Mr. President, in order to fix the fact, I ask permission to have printed in the RECORD at this point a letter to me from Maj. Gen. Allen W. Gullion, the Judge Advocate General, asserting his views that there is no legal authority to keep National Guard men in active service beyond the period of 12 consecutive months of service provided by the act of August 27, 1940.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WAR DEPARTMENT,
OFFICE OF THE JUDGE ADVOCATE GENERAL,
Washington, June 23, 1941.
Hon. ARTHUR H. VANDENBERG,
United States Senate.

DEAR SENATOR VANDENBERG: Responsive to your inquiry by letter dated June 21, 1941, it is my view that no legal authority exists to keep National Guard men in active service beyond the period of 12 consecutive months of service provided by the act of August 27, 1940.

The enclosed War Department press release, dated June 21, 1941, appears to be a complete answer to the inquiry posed in your second paragraph.

With kind personal regards, I am

Sincerely yours,

ALLEN W. GULLION,
Major General,
The Judge Advocate General.

WAR DEPARTMENT,
BUREAU OF PUBLIC RELATIONS,
June 21, 1941.

Memorandum to the press:

For some time the War Department has been flooded with queries from the field as to whether or not the National Guard is to be allowed to return home after 12 months of service. These queries are to be expected, because whatever the decision there are many adjustments which the citizen soldier must make in his affairs.

The War Department announced today that it had recommended to the President that steps be taken to obtain authority to retain in the service the National Guard of the United States and Reserve officers who are now on active duty. Legislation is, of course, required, and the final decision is a matter of public policy which must rest with the President and the Congress.

LIFE AND RESOURCES OF THE COM-
MODITY CREDIT CORPORATION

The Senate resumed the consideration of the bill (H. R. 4972) to extend the life and increase the credit resources of the Commodity Credit Corporation, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the committee amendment on page 1, line 6.

Mr. BROWN. Mr. President, I understand the Senator from Missouri desires to suggest the absence of a quorum. I wonder if he will not be willing to withhold the suggestion in order that we may proceed with the consideration of the bill.

Mr. CLARK of Missouri. Mr. President, for the present I withhold the suggestion of the absence of a quorum. Will the Senator from Michigan yield to me?

Mr. BROWN. I yield.

Mr. CLARK of Missouri. I wish to say to the Senator from Michigan that it is my purpose to offer a substitute for the committee amendment, to strike out the numerals "1945" and to insert the numerals "1942." I do that for this reason, Mr. President: The measure came over to the Senate from the House only yesterday. It came to the Banking and Currency Committee this morning. The fact that we are now nearly at the end of the fiscal year, and the fact that the general activity of the Commodity Credit Corporation is undoubtedly a necessary and essential service to the commodity producers of the United States, makes a very difficult situation for the Senate. But the powers of the original act are so vast, and to my mind they have been so outrageously abused by the administration of the Commodity Credit Corporation, particularly under the late administration of Dr. Robbins, whom I understand is now retired, that it seems to me it would be very desirable to have the Congress reconsider the whole question. But rather than have any interregnum, I should like to suggest this thought to the Senator from Michigan and to the committee and to the Senate, that under the circumstances a 4-year extension of power is a very long and, it seems to me, unnecessary and unreasonable extension of the authority of the Commodity Credit Corporation.

I was about to offer an amendment to extend the time only for 1 year, but my attention was called by the Senator from Georgia to the fact that certain of the

commodity-loan provisions extend for only 2 years, and in the event the power of the Commodity Credit Corporation was extended for only 1 year it would result in possibly very complicated issues arising at the end of 1 year. Therefore, I should like to ask the Senator from Michigan if he would not be willing on behalf of the committee to accept a substitute for the committee amendment extending the term of this authority for 2 years—that is, to June 30, 1943—instead of for 4 years, as provided in the committee amendment.

Mr. BROWN. I will say to the Senator from Missouri that I have given some consideration to that suggestion, and have discussed it with the senior Senator from Virginia [Mr. GLASS], who is the acting chairman of the Committee on Banking and Currency, and I have also discussed it with the junior Senator from Connecticut [Mr. DANAHY], who has been interested in this legislation, and if we can dispose of this matter and get the bill through so that there will be no interregnum in the authority of the Commodity Credit Corporation to act, I am willing to accept an amendment to the committee amendment extending the expiration date of the authority of the Commodity Credit Corporation to July 1, 1943.

Therefore I ask unanimous consent to have the committee amendment modified by substituting "1943" for "1945."

The VICE PRESIDENT. The Senator from Missouri would have it read "June 30, 1943"?

Mr. CLARK of Missouri. Yes; June 30, 1943. I offer the amendment to the committee amendment to substitute "1943" for "1945." Simply change the numerals "1945" in the committee amendment to "1943."

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Missouri to the committee amendment.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The question is on agreeing to the committee amendment, on page 1, line 6, as amended.

The amendment, as amended, was agreed to.

The VICE PRESIDENT. The next committee amendment will be stated.

The next amendment was, on page 2, after line 8, to strike out:

SEC. 4. Whenever during the existing emergency the Secretary of Agriculture encourages the expansion of production of any commodity, the Secretary shall so use the funds made available under this act or otherwise made available to him for the disposal of agricultural commodities, through a commodity loan, purchase, or other operation, taking into account the funds available for such purpose for all commodities, as to support a price for the producers of any such commodity of not less than 85 percent of the parity price therefor, or, in the case of any nonbasic commodity the production or consumption of which has so changed in extent or character since the base period as to result in a price out of line with parity prices for basic commodities, a price comparable to not less than 85 percent of the parity price for other commodities. Any such commodity loan or purchase operation which is undertaken shall be continued until the Secretary

has given sufficient notice to the producers of such commodity to permit them to make a readjustment in the production of such commodity. It is the policy of the Congress that other purchase, loan, or other operations of the Department, taking into account the funds available for such purposes for all commodities and the ability of producers to bring supplies into line with demand, shall be carried out so as to bring the price and income of the producers of such commodities to a fair parity relationship with other commodities.

Mr. CLARK of Missouri. Mr. President, I merely wish to say that I do not intend to interpose any further objection to the passage of the bill, although I take such action with a good many mental reservations.

I believed in the Commodity Credit Act when it was passed. I believe it has accomplished a great deal of good. I also believe that the administration in the Agricultural Department, particularly under Dr. Robbins, has been one of the most arrogant performances in the history of the United States, showing a deliberate disposition and intention at times to flout the plain intention of Congress and to indicate that he did not care what the intention of Congress was. I regret to say that Dr. Robbins was supported in that position by the present Secretary of Agriculture, Mr. Wickard. I am not acquainted with the gentleman who has succeeded Dr. Robbins. I am informed that he is a very fine and very able man; and I express the hope that during the period of this extension the Commodity Credit Corporation will not show the same disposition to flout the plain will and intention of Congress as it has shown in the past.

I hope that before this matter comes up for further extension the Banking and Currency Committee of the Senate, with its very able membership, will have the opportunity of considering the powers contained in this grant and the use that has been made of them, with a view to making whatever changes may be necessary on the basis of experience.

The VICE PRESIDENT. The question is on agreeing to the committee amendment on page 2, after line 8.

The amendment was agreed to.

The VICE PRESIDENT. That completes the committee amendments. The bill is still before the Senate and open to further amendment. If there be no further amendments to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The VICE PRESIDENT. The question now is, Shall the bill pass?

The bill (H. R. 4972) was passed.

Mr. BROWN. Mr. President, I move that the Senate insist on its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. BROWN, Mr. HERRING, and Mr. DANAHY conferees on the part of the Senate.

HAZEL MERKER OSBOURNE

Mr. BYRNES. Mr. President, I ask unanimous consent for the present consideration of Senate Resolution 132, Calendar No. 502.

There being no objection, the resolution (S. Res. 132), submitted by Mr. BARBOUR on June 27, instant, was considered and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate to Hazel Merker Osbourne, widow of John D. Osbourne, late clerk in the office of Senator BARBOUR, a sum equal to 6 months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

FUNERAL EXPENSES OF THE LATE SENATOR HARRISON

Mr. BYRNES. Mr. President, I ask unanimous consent for the present consideration of Senate Resolution 133, Calendar No. 503.

There being no objection, the resolution (S. Res. 133), submitted by Mr. BYRNES on June 27, instant, was considered and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate the actual and necessary expenses incurred by the committee appointed by the Vice President in arranging for and attending the funeral of Hon. Pat Harrison, late a Senator from the State of Mississippi, upon vouchers to be approved by the Committee to Audit and Control the Contingent Expenses of the Senate.

INVESTIGATION OF VIOLATIONS OF THE RIGHT OF FREE SPEECH AND ASSEMBLY—LIMIT OF EXPENDITURES

Mr. BYRNES. Mr. President, from the Committee to Audit and Control the Contingent Expenses of the Senate, I report back favorably, without amendment, Senate Resolution 135, and ask unanimous consent for its present consideration.

There being no objection, the resolution (S. Res. 135) submitted by Mr. LA FOLLETTE today, was considered and agreed to, as follows:

Resolved, That, for the purpose of concluding the printing of hearings and reports, the limit of expenditures under Senate Resolution 266, Seventy-fourth Congress, second session, agreed to June 6, 1936, and under Senate Resolution 70, Seventy-fifth Congress, first session, agreed to February 19, 1937, and under Senate Resolution 154, Seventy-fifth Congress, first session, agreed to August 12, 1937, and under Senate Resolution 266, Seventy-fifth Congress, third session, agreed to May 18, 1938, and under Senate Resolution 126, Seventy-sixth Congress, first session, agreed to August 4, 1939, to investigate violations of the right of free speech and assembly and interference with the right of labor to organize and bargain collectively is hereby increased by \$500.

AMENDMENT OF DISTRICT OF COLUMBIA UNEMPLOYMENT COMPENSATION ACT

Mr. OVERTON. Mr. President, I move that the Senate proceed to the consideration of House bill 5052, Calendar 494.

Mr. McNARY. Mr. President, what bill is that?

Mr. OVERTON. It is a bill which has recently been reported. It is on the calendar.

The VICE PRESIDENT. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 5052) to amend the District of Columbia Unemployment Compensation Act to regulate the use of administration expenses, and for other purposes.

Mr. McNARY. Mr. President, is it the purpose of the Senator to proceed to the consideration of the bill this afternoon?

Mr. OVERTON. It is. It is rather urgent, because it is necessary that the bill be enacted in order that the District of Columbia may come under the provisions of the Social Security Act. It should be enacted by June 30. It will take only a moment to explain it.

Mr. McNARY. Did the committee report it favorably?

Mr. OVERTON. It did. It was passed by the House without any objection on the part of the House.

The purpose of the bill is to meet certain requirements of section 303 (a) (8) and (9) of the Social Security Act, by adding the paragraph contained in the bill. The necessity for adding that paragraph arises because section 303 of the Social Security Act provides that the Board shall make no certification for payment to any State unless it finds that the law of such State, approved by the Board under the Federal Unemployment Tax Act, includes provision for the two paragraphs which I am about to read. The purpose of the bill is to have the District of Columbia law conform to those two paragraphs. Let me read paragraphs (8) and (9):

(8) Effective July 1, 1941, the expenditure of all moneys received pursuant to section 302 of this title solely for the purposes and in the amounts found necessary by the Board for the proper and efficient administration of such State law; and

(9) Effective July 1, 1941, the replacement, within a reasonable time, of any moneys received pursuant to section 302 of this title, which because of any action or contingency, have been lost or have been expended for purposes other than, or in amounts in excess of, those found necessary by the Board for the proper administration of such State law.

In order to permit the District of Columbia to comply with these provisions before July 1 it is necessary that the bill be enacted.

Mr. GEORGE. Mr. President, let me ask the Senator from Louisiana if the bill makes any change in the Social Security Act so far as it relates to the States?

Mr. OVERTON. It makes no change whatever.

Mr. GEORGE. It leaves the present Social Security Act as it now stands so far as the States are concerned?

Mr. OVERTON. Yes. The purpose of the bill, as I understand, is to require the District of Columbia to comply with the provisions of the Social Security Act. It makes no alteration in the provisions of the Social Security Act.

Mr. GEORGE. The States are now required to set up a merit system with respect to certain funds which they receive under the Social Security Act for distribution within the States. I wish to know whether the bill in any wise

affects that provision as it applies to the States.

Mr. OVERTON. It does not, as I interpret it. It will take me only a moment to read what the bill itself declares. I read from the committee report:

"The proposed bill is to meet certain requirements of section 303 (a) (8) and (9) of the Social Security Act by adding the following paragraph:

"All moneys received by the Board pursuant to section 302 of the Social Security Act shall be expended solely for the purposes and in the amounts found necessary by the Social Security Board for the proper and efficient administration of this act. In lieu of incorporation in this act of the provision described in section 303 (a) (9) of the Social Security Act, the Board shall include in its annual report to the Congress, provided in section 14 (c) of this act, a report of any moneys received after July 1, 1941, from the Social Security Board under title III of the Social Security Act, and any unencumbered balances in the Unemployment Compensation Administration fund as of that date, which the Social Security Board finds have, because of any action or contingency, been lost or have been expended for purposes other than or in amounts in excess of, those found necessary by the Social Security Board for the proper administration of this act."

No other section of the act is affected by the proposed bill.

Mr. GEORGE. May I ask the Senator if the Social Security Board or the Administration has approved the bill?

Mr. OVERTON. I regret that I am not in a position to advise the Senator whether that is the case. In the absence of the Senator from Nevada [Mr. McCARRAN], I was requested to bring the bill before the Senate and to ask for its immediate passage as a very necessary measure. There was a very short discussion of it in the House. It was in charge of Representative RANDOLPH, of West Virginia. Representative MARTIN, of Massachusetts, asked him this question, referring to the bill:

It comes with the unanimous report of the committee?

Mr. RANDOLPH replied:

Yes; and in a brief explanation, in which the gentleman from Illinois [Mr. DIRKSEN], ranking minority Member joins, the purpose of the legislation is to meet certain requirements of the present Social Security Act. The Federal law requires that all States, by July 1, have a provision showing that money expended erroneously or lost must be replaced or restored. The measure which we present simply brings the District of Columbia in line with the States on this provision.

So it is my understanding that the bill relates only to the District of Columbia, and that its purpose is to bring the District of Columbia in line with the States in respect to the matter covered by the bill.

In further reply to the question propounded by the Senator from Georgia, let me say that the bill relates only to the District of Columbia Unemployment Compensation Act, and undertakes to amend it, and has no other purpose.

Mr. GEORGE. I have observed that from the report since I made the inquiry of the Senator.

The VICE PRESIDENT. Is there objection to the request of the Senator from Louisiana for the present consideration of the bill?

June 30



COMMODITY CREDIT CORPORATION

JUNE 30, 1941.—Ordered to be printed

Mr. WILLIAMS, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 4972]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4972) to extend the life and increase the credit resources of the Commodity Credit Corporation, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate numbered 1: and agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 2 and agree to the same with an amendment as follows:

In lieu of the matter proposed to be stricken out by the Senate amendment insert the following:

SEC. 4. (a) *Whenever during the existing emergency the Secretary of Agriculture finds it necessary to encourage the expansion of production of any non-basic agricultural commodity, he shall make public announcement thereof and he shall so use the funds made available under section 3 of this Act or otherwise made available to him for the disposal of agricultural commodities, through a commodity loan, purchase, or other operation, taking into account the total funds available for such purpose for all commodities, so as to support a price for the producers of any such commodity with respect to which such announcement was made of not less than 85 per centum of the parity or comparable price therefor. The comparable price for any such commodity shall be determined and used by the Secretary for the purposes of this section if the production or consumption of such commodity has so changed in extent or character since the base period as to result in a price out of line with parity prices for basic commodities. Any such commodity loan, purchase, or other operation which is undertaken shall be continued until the Secretary*

has given sufficient public announcement to permit the producers of such commodity to make a readjustment in the production of the commodity. For the purposes of this section, commodities other than cotton, corn, wheat, tobacco, and rice shall be deemed to be non-basic commodities.

(b) It is hereby declared to be the policy of the Congress that the lending and purchase operations of the Department of Agriculture (other than those referred to in subsection (a)) shall be carried out so as to bring the price and income of the producers of non-basic commodities not covered by any such public announcement to a fair parity relationship with other commodities, to the extent that funds for such operations are available after taking into account the operations with respect to the basic commodities and the commodities listed in any such public announcement and the ability of producers to bring supplies into line with demand.

And the Senate agree to the same.

CLYDE WILLIAMS,
BRENT SPENCE,
THOMAS F. FORD,
JESSE P. WOLCOTT,
FRED L. CRAWFORD,

Managers on the part of the House.

PRENTISS M. BROWN,
CLYDE L. HERRING,

Managers on the part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4972) to extend the life and increase the credit resources of the Commodity Credit Corporation, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendment No. 1: The House bill extended the life of the Commodity Credit Corporation for 5 years, from June 30, 1941, to June 30, 1946. The Senate amendment extended the life of the Corporation for 2 years, from June 30, 1941, to June 30, 1943. The House recedes.

Amendment No. 2: Section 4 of the House bill contained a provision which was designed to give farmers assurance that after they had increased their production of commodities upon the encouragement of the Government, the increased supplies would not be allowed to depress the domestic market for such commodities to a level of unreasonably low prices. It was not contemplated that any change should be made with respect to maintaining the 85 percent parity price in the case of cotton, wheat, corn, tobacco, and rice, but in the case of other commodities the production of which was encouraged it was intended to support a price of not less than 85 percent of parity, or a price comparable to not less than the 85 percent of parity price of other commodities where a nonbasic commodity was involved and the production or consumption of such commodity had so changed in extent or character since the base period as to result in a price out of line with parity prices. A policy declaration was also included that other purchase, loan, or other operations of the Department of Agriculture should be carried out so as to bring the price and income of the producers of such commodities to a fair parity relationship with other commodities, taking into account the funds available for such purposes for all commodities and the ability of producers to bring supplies into line with demand. The Senate amendment eliminated section 4 of the House bill. The conference agreement restores the substance of the House provision with a number of clarifying changes. The language agreed upon requires the Secretary to announce the commodities the production of which is to be encouraged and makes it clear that this section does not apply to wheat, cotton, corn, tobacco, or rice. The language agreed upon with respect to the declaration of policy makes it clear that the declaration is applicable only with respect to purchase and lending operations of the Department and applicable only with respect to funds available after taking into account the operations with respect to basic commodities and commodities the production of which is being encouraged.

CLYDE WILLIAMS,
BRENT SPENCE,
THOMAS F. FORD,
JESSE P. WOLCOTT,
FRED L. CRAWFORD.

Managers on the part of the House.

were unable to agree, there would be no alternative except for the Senate and the House to attempt to pass a continuing joint resolution, and if there were a quorum present it could be done, but if there were not a quorum present and someone suggested the absence of a quorum, it could not be done. Then the only thing that could be done would be to move to adjourn until tomorrow, and then see what could be done about a continuing joint resolution.

Mr. ADAMS. And in the meantime this matter which we are now discussing would not be settled. In other words, if Congress passed such a continuing joint resolution, it would merely provide funds in a general way to continue the W. P. A. It seems to me the Senate of the United States cannot very well take the position that it will jeopardize the W. P. A. organization for the sake of a few jobs. I know that the distinguished Senator from Wyoming [Mr. O'MAHONEY] says there is a matter of principle involved. I have been unable to see the great principle involved in the question whether a bookkeeper should transcribe the records of the Wyoming W. P. A. in Cheyenne or in Omaha. A consolidation of offices is involved. There are now approximately 50 offices; the consolidation will result in about 25.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. O'MAHONEY. Did I understand the Senator to say "Cheyenne or Omaha"?

Mr. ADAMS. The Senator heard correctly.

Mr. O'MAHONEY. That is what the Senator meant?

Mr. ADAMS. The Senator heard what I said.

Mr. O'MAHONEY. Well, I will accept the Senator's statement.

Mr. ADAMS. We all like to have our own home organization. There is \$485,000 involved. The House is trying to save that amount in accordance with the administration's recommendation. The Senate took the different viewpoint. So the issue is whether a bill which carries \$900,000,000, all of which, with few exceptions, goes to the relief of needy people, shall be defeated or even deferred in order that there shall be maintained certain offices in perhaps 20 States which otherwise would not be maintained.

There is no compulsion in the bill for consolidation. Consolidation merely comes because of a necessity arising from the reduction in the appropriation. I wanted to make clear what is involved, and I trust that the Senate will not close the W. P. A. offices at midnight.

Mr. THOMAS of Oklahoma. Mr. President, just a word before the vote is taken. This is the situation which confronts the Congress tonight: We are advised that in the House of Representatives a vote was had. I do not know what kind of a vote it was. It may have been a show of hands. It may have been a teller vote; but obviously, it was not a record vote. Only 120 Members voted. That is scarcely half of a quorum of the House of Representatives. Under the Constitution, a majority of the Members

of the House are required to constitute a quorum.

The membership is 434. Making allowances for those who have passed on, and whose vacancies have not been filled, approximately 218 Members of the House would be required to constitute a quorum. So the vote was not had with a quorum present. Three hundred and fifteen Members were not present a little while ago. I doubt if those who were present understood the issue.

After awhile, some W. P. A. worker who cannot get his check will make inquiry about the delay. The State official will tell him, "Mr. W. P. A. worker, the Congress passed a bill forcing us to send the pay roll from Oklahoma City to Denver, or some other foreign place [laughter], and it requires a week or 10 days for mail to go from Oklahoma City to Denver." Denver is a fine place in which to live. The climate in summer is ideal, and it is not bad in winter. The officials there take their time in writing the checks. Several days are required to analyze the pay roll and write the checks. Then more days are required to get the check back to the State of Oklahoma, and until the pay roll reaches the regional office, and there is time to check the pay roll and write the checks and send them back, the check will be delayed. All the necessary work cannot be done in a day.

A W. P. A. worker can get his check now in a day or half a day in the State capital. Three days pass, a week passes, 2 weeks pass, 3 weeks pass, and the checks are not delivered. Who is responsible for the delay? Three hundred and fifteen Members of the House could hold up their hands and say, "I am not responsible. I did not vote to regionalize the W. P. A. offices." They would be telling the truth. They were not present awhile ago. They did not vote for it, and they could tell their constituents, "I am not responsible for it." We are told that 119 Members voted, but there was no record vote.

At one time I served in the House of Representatives. In the House of Representatives there is a club called the Demagogues' Club. I do not recall being a member of it. It was a long time ago. There are several Senators present who formerly served in the House of Representatives. They may have been Members of the famous organization known as the Demagogues' Club in the House of Representatives. A Member of the House feels no compunction about saying to his constituents, "I am not responsible for the situation." Unless his opponent can point to the CONGRESSIONAL RECORD and show his name in black and white, he can get away with it. The situation is that there has been no record vote in the House of Representatives on this question; and if the appropriation is reduced and some of the offices are abolished, not a single Member of the House of Representatives can be held accountable. They can all say, "I did not do it. It must have been your Senator."

Mr. BONE. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BONE. The Senator has referred to a possible delay in the issuance of

checks. Is that conclusion based upon past experience? Upon what does the Senator base his conclusion?

Mr. THOMAS of Oklahoma. Even in the States delays occur; and if a delay of a day or two occurs in the States, it is natural that several more days' delay should occur if the pay rolls had to be sent from the State capital to some regional office and there be examined before checks could be written and sent back. There is bound to be greater delay. Complaints now come in from W. P. A. workers that they cannot get their checks. They say, "I should have been paid Saturday. Here it is Sunday, Monday, or Tuesday, and I have not yet received my check."

Should this provision remain in the bill, W. P. A. workers who have checks due them will go hungry because they cannot get their checks. I do not want to hold up this matter. I do not propose to do so. But I do think we should have a record vote. No W. P. A. worker will find me on record in such a way that he can criticize me for a delay of a week, 10 days, 2 weeks, or 3 weeks in receiving his check. All I ask is a vote. I care not how Senators vote. I care, but nobody will tell them how to vote—I hope. It would not be safe for anyone to do so. All I ask is a record vote, and I shall be satisfied.

Mr. LA FOLLETTE. Mr. President, I wish to reiterate what I have said on numerous other occasions when the joint resolution making appropriations for the W. P. A. has been under consideration. I wish to be very circumspect in what I say, for I realize that under the rules a Senator may not criticize the conduct of Members of the body at the other end of the Capitol. But I think I am well within the rules when I say that it cannot be any coincidence that each year the joint resolution carrying appropriations for 1,000,000 or 2,000,000 people who depend upon the money thus appropriated for their very existence comes to the Senate so close to the dead line of the end of the fiscal year that the Senate conferees find themselves in such a position that they are forced either to accept the point of view of the House conferees or accept the responsibility for delay in the continuation of the program upon which millions of people in this country are dependent for their very bread and butter.

I realize that it does not do much good to protest that situation, since under the Constitution the body at this end of the Capitol does not have control over the period of time during which it shall have an opportunity to consider appropriation bills. But I do say, Mr. President, that the manner in which such measures are handled has the effect of depriving the Senate of its coordinate position with the branch at the other end of the Capitol.

I wish that this issue had arisen on a question which I considered more vital than the amendment now under consideration, although I voted for the amendment offered by the Senator from Oklahoma in the Senate. I voted for it after I had read all the testimony before the House committee and before the Senate committee.

With all due deference, I do not agree that the issue is the amount of money involved in maintaining the offices. I think any person reading the testimony of all the agencies involved in this matter before the House and Senate committees cannot escape the conclusion that it is not a question of mere dollars and cents, and abolishing a few jobs for those on the pay roll.

I think one cannot escape the conclusion that the efficiency of the W. P. A. operation will be impaired if regional offices are created for accounting and fiscal purposes. As the Senator from Oklahoma has suggested, every Senator who is familiar with the operation of the W. P. A. in his own State knows that there are bound to be delays. Do not forget, Mr. President, that delays in the issuance of checks to the people on W. P. A. mean the difference between the family having a subsistence diet and going hungry. When we appropriate \$875,000,000, are we to quibble over the amount necessary in order that the checks may go quickly to those who are dependent upon them for food and shelter for their families?

Mr. McKELLAR. Mr. President—
Mr. LA FOLLETTE. I yield.

Mr. McKELLAR. The Senator will recall that several years ago we had the same fight.

Mr. LA FOLLETTE. Yes. The Senator led the fight.

Mr. McKELLAR. We won that fight. I wish we could win it again. I am in favor of the amendment of the Senator from Oklahoma, but it looks as though it is a question whether we shall get the W. P. A. bill, which is so necessary to so many people, or whether we are to continue to fight beyond the end of the fiscal year. For that reason, I think there should be a record vote on the question, in the interest of what is best for all our people. If we were not at the close of the fiscal year, I should certainly join the Senator from Oklahoma and other Senators who have made the fight in again making the fight. However, I think such action would only mean delay because we shall probably abolish the regional offices before we are through.

Mr. LA FOLLETTE. Mr. President, I do not happen to agree with the Senator in his conclusion, but I recognize that in making that statement the Senator has stated what he believes to be the best thing to do. I say again that I am sorry the issue has arisen on this particular item because I know it is easy to say, "The Senate was interested in maintaining a few jobs on the pay roll." I say again, as I have said each year for the past 5 years, that unless the Senate is prepared to make a last-ditch fight for its position it might as well abandon its legislative functions, insofar as the W. P. A. is concerned.

I believe the amendment offered by the Senator from Oklahoma is sound from the standpoint of theory and of administrative practice. Believing that it would help to maintain efficiency in getting checks to the people who are involved, and for the additional reason that I want to register my protest against the Senate being put "behind the eight-

ball," so to speak, every time with respect to W. P. A., I intend to vote to reject the motion of the Senator from Colorado.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Colorado that the Senate recede from its amendments numbered 7, 8, 9, and 10.

On this question the yeas and nays have been demanded and ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. DAVIS. I have a general pair with the junior Senator from Kentucky [Mr. CHANDLER]. Not being able to obtain a transfer, I withhold my vote. If permitted to vote, I should vote "nay."

Mr. STEWART. I have a pair with the junior Senator from Oregon [Mr. HOLMAN]. I transfer that pair to the junior Senator from Oklahoma [Mr. LEE], and will vote. I vote "nay."

Mr. HILL. I announce that the Senator from Kentucky [Mr. BARKLEY] and the Senator from New York [Mr. WAGNER] are absent from the Senate because of illness.

The Senator from North Carolina [Mr. BAILEY], the Senator from Alabama [Mr. BANKHEAD], the Senator from Mississippi [Mr. BILBO], the Senator from South Dakota [Mr. BULOW], the Senators from Virginia [Mr. BYRD and Mr. GLASS], the Senators from Arkansas [Mrs. CARAWAY and Mr. SPENCER], the Senator from Kentucky [Mr. CHANDLER], the Senator from Idaho [Mr. CLARK], the Senator from California [Mr. DOWNEY], the Senator from Georgia [Mr. GEORGE], the Senator from Rhode Island [Mr. GERRY], the Senator from Iowa [Mr. GILLETTE], the Senator from Arizona [Mr. HAYDEN], the Senator from Delaware [Mr. HUGHES], the Senator from Oklahoma [Mr. LEE], the Senator from Nevada [Mr. MCCARRAN], the Senators from Montana [Mr. MURRAY and Mr. WHEELER], the Senator from West Virginia [Mr. ROSIER], the Senator from New Jersey [Mr. SMATHERS], the Senator from South Carolina [Mr. SMITH], the Senator from Missouri [Mr. TRUMAN], the Senator from Maryland [Mr. TYDINGS], the Senator from Washington [Mr. WALLGREN], and the Senator from Massachusetts [Mr. WALSH] are necessarily absent.

Mr. McNARY. I desire to announce the following general pairs:

The Senator from Vermont [Mr. AUSTIN] with the Senator from North Carolina [Mr. BAILEY];

The Senator from Minnesota [Mr. BALL] with the Senator from Alabama [Mr. BANKHEAD];

The Senator from Illinois [Mr. BROOKS] with the Senator from Massachusetts [Mr. WALSH];

The Senator from Ohio [Mr. TAFT] with the Senator from Delaware [Mr. HUGHES];

The Senator from New Hampshire [Mr. TOBEY] with the Senator from Missouri [Mr. TRUMAN];

The Senator from Michigan [Mr. VANDENBERG] with the Senator from New Jersey [Mr. SMATHERS];

The Senator from Idaho [Mr. THOMAS] with the Senator from Mississippi [Mr. BILBO];

The Senator from Indiana [Mr. WILIS] with the Senator from Virginia [Mr. GLASS];

The Senator from Kansas [Mr. REED] with the Senator from Arkansas [Mrs. CARAWAY];

The Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from New York [Mr. WAGNER]; and

The Senator from North Dakota [Mr. LANGER] with the Senator from New Mexico [Mr. HAYDEN].

The result was announced—yeas 27, nays 24, as follows:

YEAS—27

Adams	Danaher	Overton
Aiken	Ellender	Pepper
Barbour	Green	Radcliffe
Brewster	Johnson, Colo.	Russell
Bridges	Lodge	Thomas, Utah
Burton	McKellar	Tunnell
Butler	McNary	Van Nuys
Byrnes	Maloney	White
Capper	Nye	Wiley

NAYS—24

Andrews	Guffey	McFarland
Ebone	Gurney	Mead
Brown	Hatch	Murdoch
Bunker	Herring	O'Mahoney
Chavez	Hill	Reynolds
Clark, Mo.	Kilgore	Schwartz
Connally	La Follette	Stewart
Eastland	Lucas	Thomas, Okla.

NOT VOTING—44

Austin	Gerry	Smathers
Bailey	Gillette	Smith
Ball	Glass	Spencer
Bankhead	Hayden	Taft
Barkley	Holman	Thomas, Idaho
Bilbo	Hughes	Tobey
Brooks	Johnson, Calif.	Truman
Bulow	Langer	Tydings
Byrd	Lee	Vandenberg
Caraway	McCarran	Wagner
Chandler	Murray	Wallgren
Clark, Idaho	Norris	Walsh
Davis	Reed	Wheeler
Downey	Rosier	Willis
George	Shipstead	

So the motion of Mr. ADAMS to recede from Senate amendments Nos. 7, 8, 9, and 10 was agreed to.

LIFE AND RESOURCES OF COMMODITY CREDIT CORPORATION—CONFERENCE REPORT

Mr. BROWN. Mr. President, I submit the present conference report on the Commodity Credit Corporation bill, and ask for its immediate consideration.

The VICE PRESIDENT. The report will be read.

The report was read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4972) to extend the life and increase the credit resources of the Commodity Credit Corporation, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate numbered 1; and agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 2 and agree to the same with an amendment as follows:

In lieu of the matter proposed to be stricken out by the Senate amendment insert the following:

"SEC 4. (a) Whenever during the existing emergency the Secretary of Agriculture finds it necessary to encourage the expansion of production of any non-basic agricultural commodity, he shall make public announcement thereof and he shall so use

the funds made available under section 3 of this Act or otherwise made available to him for the disposal of agricultural commodities, through a commodity loan, purchase, or other operation, taking into account the total funds available for such purpose for all commodities, so as to support a price for the producers of any such commodity with respect to which such announcement was made of not less than 85 per centum of the parity or comparable price therefor. The comparable price for any such commodity shall be determined and used by the Secretary for the purposes of this section if the production or consumption of such commodity has so changed in extent or character since the base period as to result in a price out of line with parity prices for basic commodities. Any such commodity loan, purchase, or other operation which is undertaken shall be continued until the Secretary has given sufficient public announcement to permit the producers of such commodity to make readjustment in the production of the commodity. For the purposes of this section, commodities other than cotton, corn, wheat, tobacco, and rice shall be deemed to be non-basic commodities.

"(b) It is hereby declared to be the policy of the Congress that the lending and purchase operations of the Department of Agriculture (other than those referred to in subsection (a)) shall be carried out so as to bring the price and income of the producers of non-basic commodities not covered by any such public announcement to a fair parity relationship with other commodities to the extent that funds for such operations are available after taking into account the operations with respect to the basic commodities and the commodities listed in any such public announcement and the ability of producers to bring supplies into line with demand."

And the Senate agree to the same.

PRENTISS M. BROWN,
CLYDE L. HERRING,

Managers on the part of the Senate.

CLYDE WILLIAMS,
BRENT SPENCE,
THOMAS F. FORD,
JESSE P. WOLCOTT,
FRED L. CRAWFORD,

Managers on the part of the House.

The VICE PRESIDENT. Is there objection to the present consideration of the report? The Chair hears none.

The question is on agreeing to the conference report.

Mr. BROWN. Mr. President, the Senate will recall that we passed this bill on Saturday. In the bill as it came from the House there were two provisions which were the subject of controversy in the Senate. On the larger issue of the continuance of the Corporation there was no particular difference of opinion except as to the expiration date.

As to the additional amount of money, there was no difference between the Senate and the House.

It will be recalled that the senior Senator from Missouri [Mr. CLARK] moved to amend the bill by having the Corporation's existence limited to 2 years, that is, to 1943 instead of 1946. Upon that proposition the House conferees receded, and acceded to the desires expressed by the passage of the bill in the Senate.

The other issue was contained in what was known as section 4. It was felt by the Senate Banking and Currency Committee that while there was much merit in the provisions of section 4, it was not

well drafted, and that possibly it was not necessary to the carrying out of the provisions of the act by the Commodity Credit Corporation and the Secretary of Agriculture; and the Senate committee struck section 4 from the bill.

We found upon conference with the conferees upon the part of the House that they were very much interested in having section 4 remain in the bill as a direction to the Secretary of Agriculture. After I had ascertained the attitude of the Members of the House, I discussed the matter with several Members of the Senate, particularly those from the farm sections, and found that they were very much interested in having a proper substitute for section 4 retained if it were possible to do so.

I also found that the representatives of the Commodity Credit Corporation and the representatives of the Secretary of Agriculture were anxious that something along the line of section 4 be retained. That was true also of the farm organizations. Therefore, when we went into conference we decided to try to rewrite section 4, and that is what we have done.

Briefly, section 4 directs the Secretary to encourage the production of such agricultural commodities as he deems to be necessary in the present emergency, having reference, of course, to the defense program. It requires the Secretary to support the prices of such commodities so that they shall not fall below 85 percent of parity.

There was considerable discussion among us as to whether that should be an authorization or a direction. At first the Senate conferees tried to persuade the House Members to accept language which would leave the situation so that the Secretary would be authorized to do these things, but would not necessarily be required to do them. We submitted such a proposition to the House conferees. After considerable deliberation upon their part, they rejected that proposal. We then—particularly the majority Members of the Senate conferees—decided that inasmuch as the time when action was necessary was near at hand, and in view of the fact that we did not think the issue particularly important, we would accede to the wishes of the House conferees in that respect, in order to pass this bill today, if possible.

I think there is little difference between the two bills. The president of the Commodity Credit Corporation intimated that it was much more than likely—in fact, entirely probable—that loans would be made and operations carried on to support the price; but all except the Senate conferees seemed to agree that there should be an explicit statutory direction to the Secretary, and I may say that the Secretary in a letter he wrote to the chairman of the Senate Banking and Currency Committee, requested that that direction be given to him. We acceded to the wishes of the House conferees in that respect, and section 4, as rewritten, contains a direction to the Secretary to support these prices by loans, purchases, and otherwise.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. BROWN. I yield to the Senator from Illinois.

Mr. LUCAS. Is there a print of the section as it has been rewritten?

Mr. BROWN. I have here a typewritten copy which I can let the Senator have.

Mr. LUCAS. Will the Senator explain to me, and for the benefit of other Members of the Senate, wherein the new provisions differ from section 4 as stricken out by the Senate?

Mr. BROWN. I will say to the Senator from Illinois that there is no essential difference in principle between the provisions of section 4 as originally contained in the House bill and section 4 as rewritten. We think we have done a better job. We think we have made the intent and meaning of Congress more clear by rewriting section 4. There was some doubt in the minds of counsel for the Secretary, who were present, and among lawyers on the committee, as to the meaning of the language in lines 20 to 25 of page 2, and lines 1 to 4 of page 3. It was felt that we had clarified that language—if the Senator is familiar with the bill he will, I think, get my point—so that there could be no confusion regarding the priority of aid that is to be given.

I mean by that statement that the first aid to be given is, under existing law, to basic commodities. The second aid to be given is to the commodities the production of which, as announced in a proclamation of the Secretary, is necessary in this emergency. The third class is other nonbasic agricultural commodities which do not come into the picture and receive aid from the Secretary of Agriculture unless the funds, for the other two purposes, have not been exhausted. That was not entirely clear in section 4 as it passed the House and as it was rejected by the Senate. We think we have made that proposition entirely clear in section 4 as it came out of conference.

Mr. LUCAS. If I understand the language as it is now being considered by the Senate, it is the Senator's contention that the Secretary of Agriculture has discretionary power to say what are essential but nonbasic commodities in category No. 2.

Mr. BROWN. Commodities essential to the defense program.

Mr. LUCAS. In other words, the basic commodities are already taken care of by existing law, wherein the Congress has said that we shall give 85 percent of parity in the nature of a loan on certain basic commodities.

Mr. BROWN. Yes.

Mr. LUCAS. The next category deals with nonbasic commodities, as I understand; and such nonbasic commodities, whatever they are, may be determined by the Secretary of Agriculture.

Mr. BROWN. They may be determined by the Secretary of Agriculture and brought into the general scheme of price maintenance if the funds for the other two classifications have not been exhausted.

Mr. LUCAS. What I am trying to determine in my own mind is, What is included in the second classification? I understand what is included in the basic

law at the present time so far as basic commodities are concerned.

Mr. BROWN. There are five basic commodities.

Mr. LUCAS. Very well. What is included in the second classification?

Mr. BROWN. In the second classification are the agricultural products the expansion of whose production the Secretary deems it necessary to encourage. That is the second class.

Mr. LUCAS. That is discretionary with him.

Mr. BROWN. That is true.

Mr. LUCAS. That is the point I am trying to make. In other words, we leave it to him to say what are the nonbasic commodities to which he will apply the money after the 85-percent parity is applied to the basic commodities.

Mr. BROWN. That is correct. I may say that there is no doubt that sufficient funds are provided to take care of the commodities the production of which the Secretary may desire to encourage.

Mr. LUCAS. Then, after the second class is exhausted—in other words, if he has a sufficient amount of money to bring the second class of nonbasic commodities up to 85 percent of parity—if there is any money left he may apply it upon further nonbasic commodities?

Mr. BROWN. If the situation of the other commodities is such that he finds it necessary to start his operations by way of purchases and credits to bring them up to 85 percent of parity, or comparative prices—there are no parity prices on those particular commodities—he may do so.

Mr. LUCAS. I will frankly say to the Senator that I cannot see why the distinction is made between the last two classes. They are all nonbasic commodities, and I cannot see the reason for the distinction.

Mr. BROWN. I think it is entirely conceivable that the Secretary would find that, say, 10 particular commodities were not being produced in sufficient amounts to take care of our needs. Then if, through a fortunate declaration of peace, the price should decline, it seems that there should be some sort of a Government guaranty that the producers will not lose; and as to the class of commodities which the Secretary has encouraged by his announcement there is for their protection a greater moral obligation, which we recognize by this proposed statute, as a legal obligation. We do not feel that the commodities which he has not encouraged are in the same category, or entitled to the same protection; but if there are funds left after the other two classes have been taken care of, it was felt that they ought to be used for the purpose of maintaining parity in that classification.

Mr. LUCAS. I thank the Senator for his last explanation. I thoroughly appreciate the force of his argument, and can see the reason for the change, and I am for it.

It seems to me that if we are to encourage the production of certain nonbasic commodities, the producers of such nonbasic commodities ought to have some assurance by the Government that

they will be taken care of in this emergency, the same as the man who is getting 85 percent of parity under the basic law at the present time. If I may say one thing further—I do not know whether the Senator will agree with me on this point—I believe that the Secretary of Agriculture at the present time, without this legislation, perhaps would have power to do the thing we are giving him authority to do; but he would like to have a declaration of policy, and to have the law laid down in this way, so that the producers of such nonbasic commodities will have some assurance that they are to be taken care of in the event they produce a larger crop. Am I correct on that point?

Mr. BROWN. I think the Senator very well expresses the thought that is set forth in the letter from the Secretary to the Senator from New York [Mr. WAGNER], the chairman of our committee.

Mr. LUCAS. The only reason I mentioned it is that in passing over this matter the other day, as the result of the slight consideration given by the committee to the bill because of lack of time, I obtained a notion from the debates that we were delegating to the Secretary of Agriculture a power which a number of Senators did not believe was necessary; in other words, that we were giving him more power. The truth of the matter is that he has the power at the present time without this measure, but he desires to have a declaration of policy as laid down in the pending legislation.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. RUSSELL. Is there anything in the last draft of section 4 as reported by the conference committee which makes it mandatory on the Secretary of Agriculture to sustain commodities at 85 percent of parity, other than commodities embraced in the original parity law the five basic commodities, and those which are deemed to be essential by the Secretary of Agriculture, which he proclaims in order to encourage production?

Mr. BROWN. Yes. In subsection (b) language essentially similar to the language in lines 4 to 10 on page 3 is found. I will read it. The Senator will understand that we are talking, now, not about basic commodities—

Mr. LUCAS. I understand.

Mr. BROWN. Not about commodities which are in the Secretary's proclamation, commodities which he desires to encourage, but other commodities. I read:

It is hereby declared to be the policy of the Congress that the lending and purchase operations of the Department of Agriculture (other than those referred to in subsection (a))—

Subsection (a) relates to the announced commodities. Under the bill as it passed the House there was no provision for a proclamation by the Secretary along that line. We wrote into the bill a provision requiring that he proclaim the particular commodities which he desired to encourage.

It is hereby declared to be the policy of the Congress that the lending and purchase

operations of the Department of Agriculture (other than those referred to in subsection (a)) shall be carried out so as to bring the price and income of the producers of nonbasic commodities not covered by any such public announcement—

There are two classes, those not covered by public announcement, and basic commodities, which are provided for under existing law—

to a fair parity relationship with other commodities to the extent that funds for such operations are available after taking into account the operations with respect to the basic commodities and the commodities listed in any such public announcement and the ability of producers to bring supplies into line with demand.

Is that clear to the Senator?

Mr. RUSSELL. I am not sure that it is entirely clear. If I understand the Senator, the only limitation in the direction to the Secretary to maintain commodities at 85 percent of parity is the amount of money that is made available by this bill.

Mr. BROWN. No.

Mr. RUSSELL. The bill establishes an order of priority, first, in five basic commodities—wheat, corn, cotton, tobacco, and rice—which have been recognized in all the agricultural acts. Second, those commodities which the Secretary encourages on the ground that their production is in the public interest.

Mr. BROWN. Yes.

Mr. RUSSELL. Then, if any funds are left over, it is made mandatory on him to support the price of any other commodity that is produced.

Mr. BROWN. If it is within the ability of producers to bring supply into line with demand.

I take it to mean that he will survey the general situation. If he should find that there is such a tremendous surplus of nonbasic commodities and nonproclaimed commodities that it would be impossible, within reasonable limits, to bring their prices in line with parity, he should not attempt to do it. That limitation is written in.

Mr. RUSSELL. I had hoped that was what the amendment provided.

Mr. BROWN. If the ability of the producer to bring supply closer to demand exists, then it will be the Secretary's duty to assist, by his lending and purchasing operations, to bring prices into line.

Mr. RUSSELL. The Senator is well aware of the fact that before the producers of the basic commodities are permitted any advantage under the 85-percent-loan provision, they are required to make drastic reductions in their production of such commodities.

Mr. BROWN. That is true.

Mr. RUSSELL. For instance, if a wheat farmer produces any wheat on lands which are in excess of his allotment, he must pay a penalty of 49 cents a bushel before he can market it. It would seem that the producers of nonbasic commodities would be given an advantage over the producers of other commodities, in that there is no limit in this language on the amount they could produce, as the Secretary is charged with the responsibility of payment, within the limits of the

funds made available in the act, to bring their income up to 85 percent of parity.

Mr. BROWN. Looking at the bill from the standpoint of really conservative financing, we felt that basic commodities were No. 1, that the proclaimed commodities were No. 2, and that then, if funds were available, or it was possible, giving general consideration to supply and demand, to bring other agricultural products close to parity, it was the duty of the Secretary to do so. It is made clear in the declaration of policy that it is the policy of Congress and the intent of Congress that he shall endeavor to do this. With respect to basic commodities, he shall do it. With respect to the proclaimed commodities, he shall do it. Then we go on with subsection (b), and say that it is the hope and the policy of the Congress that he shall do the same for the third class of commodities, if funds are available, and if general economic conditions are such that it is reasonably possible to do so. That is my interpretation.

Mr. RUSSELL. The Secretary certainly should have some discretion with respect to commodities in the third category, because otherwise farmers might produce without restraint, and accumulate huge surpluses, and have available tremendous quantities of products which had not been encouraged, or which had not been catalogued as basic commodities.

Mr. BROWN. That is the exact limitation which I believe in, and as the Senator in charge of the bill, I say as a matter of interpretation that it is the view I have as to the intent and meaning of the last clause in the section, that is, that a general survey of economic conditions should be made, and if it is reasonably possible, within the limits of funds available, to bring about this parity arrangement, it should be done; otherwise, not.

Mr. RUSSELL. Of course, I favor full parity for the producers of every agricultural commodity, but I realize that it is impossible to obtain parity without some power being vested in the Secretary of Agriculture or some other administrative agency to balance in some wise production with consumption.

Mr. BROWN. Does not the Senator agree that we have written that limitation into the bill?

Mr. RUSSELL. With the construction which the Senator from Michigan places on the language, I am content.

Mr. LUCAS. Mr. President, will the Senator indulge me one more question?

Mr. BROWN. I yield.

Mr. LUCAS. Following the thought suggested by the Senator from Georgia, does the Senator say that as to proclaimed commodities, or commodities in category number 2, it is mandatory upon the Secretary of Agriculture to see that such commodities reach 85 percent of parity after the basic commodities under existing law are taken care of?

Mr. BROWN. The Senator is correct.

Mr. LUCAS. Then, if any funds are left, they automatically go into the third category, providing demand is sufficient for the money to be spent in that category?

Mr. BROWN. Yes; the Senator is correct in that respect.

LXXXVII—363

Mr. President, on Saturday the minority leader asked me to obtain certain statistics as to the operations of the Commodity Credit Corporation, which I have obtained. The Senator from Illinois also asked me to secure figures as to the losses which have occurred in respect of particular commodities. Such a letter has been prepared by the president of the Commodity Credit Corporation, Mr. Hutson, and I ask that the letter be inserted in the RECORD as a part of my remarks.

The VICE PRESIDENT. Is there objection?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
Washington, June 27, 1941.

HON. ROBERT F. WAGNER,
Chairman, Banking and
Currency Committee,
United States Senate.

DEAR SENATOR WAGNER: A question has been raised as to the views of this Department on section 4 of H. R. 4972, which is now before your committee.

The Department of Agriculture is in complete accord with the necessity for taking steps that are designed to protect farmers who have, as a result of encouragement by the Department, increased their production of those agricultural commodities that are necessary to meet the present emergency situation. I feel quite strongly that protection should be provided not only for the emergency period but for the period of subsequent adjustment as well.

As you know, programs have been put into effect in the Department of Agriculture to secure greater supplies of several commodities, since the indicated production was not sufficient to fill domestic requirements and to meet the needs of Great Britain and other countries resisting aggression. At the same time that farmers were encouraged to increase their production of such commodities, an announcement was made that the Department would make sufficient purchases of those commodities to support prices in line with the objectives of the proposed legislation. As you know, the funds currently available have been sufficient to maintain prices of those commodities at 85 percent of parity or better, ever since the program was undertaken.

For the present, the funds now available and those under consideration by Congress for the coming fiscal year seem adequate to enable the Department to continue this price policy which is now proposed to be written into legislation. If the international situation should change materially, however, additional funds would, of course, be required in order to maintain this price policy for the nonbasic crops, the production of which is being expanded at the instance of the Government, just as the additional funds to be made available by this bill to the Commodity Credit Corporation are now required to support farm prices for the basic crops at 85 percent of parity.

It is my understanding that section 4 does not require each individual purchase or other operation to be made at not less than 85 percent of parity price, but that operations shall be so conducted as to support prices for farmers at averages of not less than 85 percent of parity.

I endorse the proposed legislation and I am in hearty agreement with this legislative expression of the principle of protecting the interests of the American farmer.

Sincerely yours,

CLAUDE R. WICKARD,
Secretary.

COMMODITY CREDIT CORPORATION,
Washington.

HON. PRENTISS BROWN,
United States Senate.

DEAR SENATOR BROWN: Pursuant to your verbal request, losses of the Commodity Credit Corporation from its organization October 17, 1933, to the time of the latest annual appraisal, March 31, 1941, aggregated approximately \$172,000,000 on loans and purchases made approximating \$2,100,000,000.

These losses are estimated by crops roughly as follows:

Corn.....	\$82,400,000
Cotton.....	57,000,000
Wheat.....	13,400,000
Tobacco.....	2,200,000
Turpentine and rosin.....	7,000,000
Other crops.....	1,500,000
Operating expenses.....	8,500,000

Total..... 172,000,000

The item "Operating expenses" is the net deficit obtained by subtracting from interest and other income of the Corporation, the total amount of payments other than loans, purchases, and carrying charges.

Our studies show that these losses would have been about \$20,000,000 less had the appraisal been made April 30, 1941. Since price levels have continued to rise for the commodities owned by and pledged to the Corporation, an even greater decrease in losses would be obtained from an appraisal made as of today according to the existing formula. The appraisal formula proposed in H. R. 4972, however, would have increased the loss as of last March 31 by approximately \$70,000,000.

The Corporation does not anticipate a need for issuing debentures to the full extent of the authorized borrowing power in conducting its 1941 loan and purchase programs. This borrowing power of \$2,650,000,000 which, with its capital of \$100,000,000 would give the Corporation total resources of \$2,750,000,000, will be used in part to guarantee, to banks and other private lending agencies, loans made by them to farmers cooperating in the farm programs. To the extent that loans are carried by the banks until repayment by farmers, debentures need not be issued by the Corporation. Consequently, the debentures outstanding at any one time will be less than \$2,650,000,000. However, it is essential that the Corporation's resources must be large enough to cover the maximum amount of notes outstanding at any one time, including those held by banks.

Very truly yours,

J. B. HUTSON,
President.

Mr. BROWN. Mr. President, the senior Senator from Tennessee [Mr. McKellar] also requested a statement from the Commodity Credit Corporation president, through me, of the policy which the Corporation is following in the handling of cotton loans. I also have that information and ask that it be included in my remarks.

The VICE PRESIDENT. Is there objection?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

UNITED STATES DEPARTMENT
OF AGRICULTURE,
COMMODITY CREDIT CORPORATION,
Washington, D. C., June 29, 1941.

HON. PRENTISS M. BROWN,
United States Senate.

DEAR SENATOR BROWN: You have requested a statement concerning the changes with respect to the handling of producers' notes contemplated by Commodity Credit Corporation in the 1941 cotton loan program.

Two changes in the procedure for handling cotton producers' notes are planned for the

1941 loan program. First, a more uniform method of providing facilities for completing loan documents for farmers is planned. In the 1940 loan program no specific arrangements were made for completion of loan documents for farmers, although it was expected that lending agencies and warehousemen would perform this service. Even though the charges allowed warehousemen and the interest rate allowed lending agencies were intended to cover the cost of this work, in many instances other parties completed the loan documents and assessed additional charges against farmers. Provision will be made in the 1941 loan program for the county agricultural conservation committees to appoint agencies to complete loan documents for farmers at an agreed fee. The interest rate and warehouse charges will be adjusted so that farmers will not be forced to pay two fees for the same service. Several agencies in each county may be appointed by the county committees to complete loan documents.

Second, provision will be made in the 1941 cotton loan program whereby the producers' notes will come into the possession of Commodity Credit Corporation at the time the loans are made. In past loan programs banks or others lending money to producers have qualified as lending agencies by completing a contract to purchase with the loan agencies of the Reconstruction Finance Corporation acting as agents of Commodity Credit Corporation. The notes were negotiable and were transferred among lending agencies by endorsement. The contract to purchase provided for the tender of the notes to Commodity Credit Corporation 30 days prior to the maturity date of the note, and interest was paid to the tendering lending agency to the date of purchase of the note by Commodity Credit Corporation.

In the 1941 cotton-loan program lending agencies may qualify in the same manner as in past loan programs. However, the producers' notes will not be transferable, but will be tendered to Commodity Credit Corporation by the lending agency advancing the funds to the farmer. All notes will be held in a pool by the Federal Reserve banks, acting as custodian for Commodity Credit Corporation, and the lending agencies tendering the notes will be given a "certificate of interest" in the pool, bearing interest at an agreed rate. The "certificate of interest" will be transferable between lending agencies. Since the interest in the pool of producers' notes may be transferred, banks or others qualifying as lending agencies will be given the same opportunity for investing funds in cotton producers' notes as in past loan programs. This change in handling cotton producers' notes will enable Commodity Credit Corporation to give prompt service in releasing collateral to cotton merchants who purchase the equity of producers. This will eliminate the serious confusion of delays which occurred under the old plan.

A committee of bankers, appointed by the American Bankers' Association, in a conference with representatives of Commodity Credit Corporation, gave unanimous approval to this plan.

Although the plan outlined above has received the approval of the groups indicated, it is still in the discussion stage and no definite decision has been reached at this time.

Very truly yours,

J. B. HUTTON,
President.

Mr. BROWN. Unless some Senator desires to ask me something further about the matter, I have said all I desire to say.

Mr. DANAHER. Mr. President, as the minority conferee in attendance most of the time in the conference on the

pending bill, I have a few thoughts which I feel should be expressed even to the 15 Senators who are now present.

On Saturday last, for the first time, the pending bill came before the Committee on Banking and Currency. Unlike the situation which exists in respect to certain other measures which expire as of June 30, 1941, and thus terminate agencies and the operations thereof, the life of the Commodity Credit Corporation would not be impaired by reason of delay on this particular bill. It is true that there could not be new commitments, nor could there be new offerings of loans under the existing law were the Corporation to die tonight, but so far as all other operations are concerned they could and would continue even though we postponed action on this bill.

A fundamental question of policy was raised by this section 4. It marks so complete a departure from anything that the Congress has ever heretofore assented to in reference to nonbasic commodities that it is fundamental.

Mr. President, we are undertaking in this particular measure to extend a policy beyond that type of crop which is susceptible to control and susceptible to supervision by the Department of Agriculture. The bill was reported to the Senate by the Senate Committee on Banking and Currency, which only vicariously has any knowledge of the intricacies of the farm problem. Far from the basic question of policy even being determined by the Committee on Agriculture and Forestry, which is familiar, so far as any committee can familiarize itself, with questions of this nature, the question comes to the Senate from the Committee on Banking and Currency.

What did we do? When we saw what the House had done by adding section 4 we struck section 4 from the bill. The Senate did not get this new policy from its committee. We struck it out, but none the less were willing to extend the authorized borrowing power of the Commodity Credit Corporation by the amount of \$1,250,000,000. Under section 3 of the pending bill its authority is now extended to \$2,650,000,000.

Mr. President, what the Senator from Texas [Mr. CONNALLY] said a while ago as to the status of the Senate on these last-day measures is certainly apropos in this instance. Why should the Senate on the very last day constantly have to take something the House has chosen to write into legislation on the ground that it is June 30 and we must act; we must do it by a quarter after 6 in the afternoon or the heavens will fall?

We are confronted now, Mr. President, with a basic change in the attitude of the Congress and an opening up of public funds to the maintenance of a price structure, and we are asked to do it on 30 or 40 minutes of testimony by Mr. Hutton, the president of the Commodity Credit Corporation, before the Committee on Banking and Currency on Saturday last, and that is all. We have had no records presented to us, we have had no representations as to the facts, we have had no idea given us of the extent of the

commitments. We do not know what it means to "bring prices into line," as is said. We do not know how controls, if any, are to be expanded. We do not know what supervision, if any, is to be exacted.

Mr. President, when we went into conference this morning, the House conferees told us that in their view of the matter there may well be situations when the Secretary of Agriculture might find, under our defense needs, that an expansion of production in a given crop should be had. They pointed out that were such a demand made by our Government upon the farmer it would be inequitable to leave him with an expanded production ratio and not support the price which would yield him a fair return, for the bottom would obviously drop out of the market were it not to be supported.

That seemed to me to be so perfectly ethical and perfectly fair, although we of the conferees knew very little about the intricacies and the complexities of this farm legislation, that in an effort to get what the House conferees said they wanted, I drafted and submitted a proposed amendment, and I might say that the Senate conferees at one time were in favor of it. I will read it so that Senators will see to what extent we tried fairly to meet what the House conferees said they were trying to do:

Whenever during the emergency proclaimed by the President on May 27, 1941, the Secretary of Agriculture finds it necessary in order to secure adequate supplies for the purposes of national defense to encourage the expansion of production of any agricultural commodity he shall make public announcement of such finding and shall specify the commodities so affected, whereupon the Secretary shall be authorized to use the funds made available to him under this act or otherwise to support a price for the producers of any such commodity of not less than 85 percent of the parity price or, as to nonbasic commodities, the equivalent of such price computed upon a basis that such price shall be comparable to not less than 85 percent of parity prices for other commodities. Such price shall be continued as to any such commodity over the period for which the Secretary shall specify such expanded production shall be required. For the purposes of this section, commodities other than cotton, corn, wheat, tobacco, and rice shall be deemed nonbasic commodities.

Mr. President, had that particular amendment prevailed we would have been able to meet the situation which the House conferees said was the basis for their program. But that was not what they really wanted at all. When we entered upon a discussion of the matter, there was not even a question of subsection (a) of the pending section 4. What they really wanted was subsection (b). There were pronouncements to the effect that they would be willing to lose all the rest of the bill if they could only retain subsection (b). It, then, is important, it seems to me, that we discuss the matter at greater length, and I hope with a greater understanding than we have been able to have of the subject up to now. Subsection (b) is as follows:

(b) It is hereby declared to be the policy of the Congress that the lending and purchase operations of the Department of Agriculture (other than those referred to in subsection (a)) shall be carried out so as to

bring the price and income of the producers of nonbasic commodities not covered by any such public announcement to a fair parity relationship with other commodities, to the extent that funds for such operations are available after taking into account the operations with respect to the basic commodities and the commodities listed in any such public announcement, and the ability of producers to bring supplies into line with demand.

Mr. President, immediately we are going to increase the prices to all consumers, whoever they may be, wherever they buy, of all nonbasic commodities, not specified in subsection (a). Even when we passed the mandatory parity act extending for 1 year the parity provisions on basic commodities, prices lifted 15, 16, and 17 percent inside of 2 weeks.

Now we are going to draw upon the Public Treasury, not in advance, but after a surplus shall have been discovered, perhaps next fall, perhaps a year from next fall. Public funds are to be used to maintain a price to be returned to the producers who have overproduced a nonbasic commodity in any given agricultural line; to maintain whatever price the Secretary determines "shall tend to bring that price into line," whatever that may mean.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. DANAHER. I yield.

Mr. BROWN. The Senator, as well as the Senate, knows I am not an expert on farm problems.

Mr. DANAHER. The Senator knows I am not, surely.

Mr. BROWN. The Senator and I agree on that matter with respect to each other. Fate seems to have placed us as representing the majority and minority views on this question. But it is difficult for me to complain, coming as I do from an industrial State, as well as an agricultural State, about the arrangements which the bill seeks to set up to assure a reasonable price to farmers. Because I am a member of the Commerce Committee which authorized the building of many ships by the Maritime Commission, and because I know, through my general knowledge of military and naval expenditures, that we are pretty largely on a cost-plus basis with respect to almost everything the Government buys, it is difficult for me to resist this particular proposal, which is a long way from cost-plus to the farmer, but is merely some assurance of 85 percent of parity. So, upon the general proposition, it seems to me it is no more than fair that the Government should go at least as far as this bill goes, when we are going so much further for industry, particularly with reference to contracts between the Government of the United States itself and builders of ships, makers of munitions, and so on, and so forth.

Mr. DANAHER. Let me ask the Senator from Michigan a question. Is labor on a cost-plus basis?

Mr. BROWN. The general situation with respect to labor, of course, is affected by the cost-plus contracts which are made between the Government and the producers of goods for the Government. It is supplementary to it.

Mr. DANAHER. Mr. President, we have heard discussion here only within the last 10 or 15 minutes about the efficacy of the stamp plan. It is perfectly apparent that whatever number of millions of dollars we apportion to the stamp plan are going to be depreciated at once by reason of the rise in the price of the commodities the users of the stamps under the stamp plan will be called upon to buy under subsection (b). For instance, this morning a representative of the farm agencies appeared before the committee and pointed out that something like 70 percent of the prune market of the prune producers of the United States has been destroyed as the result of the war overseas. Now out of public funds are we going to be called upon to maintain the prune market for the prune producers?

I submit that we have gone the full length we should go in maintaining a parity program for the basic commodities. Those commodities are supported. They are possessed of a claim upon the Public Treasury and the public funds.

When Mr. Milo Perkins—who, as I recall, is president of the Surplus Commodities Corporation—appeared before the House committee, it seems to me he pointed out the question which is involved in the nonbasic commodity guaranteed-price arrangement.

I read from page 101 of the House hearings. Mr. Perkins said:

More important than this, however, is the principle involved in dealing with perishable and semiperishable crops as opposed to dealing with nonperishable crops which can be stored under Government loans for long periods of time. The loan approach in the latter case gives a guaranteed kind of support to farm income. The only way to get similar results in the case of nonbasic crops is to have adequate money available for moving perishable and semiperishable crops into consumption before they spoil.

On that point, every dollar available under section 32 of the Agricultural Adjustment Act, every cent that is available under section 12 as to the operations so far connected as to the soil-erosion program, and other similar payments—the parity payments have been by direct appropriation—not to mention the Surplus Commodity Corporation money, will all be available under section (b) as well as under section (a).

Let me continue:

In order to do this in a way to get the maximum effect upon farm income, Government purchasing power can be used to "lead" a market upward from any given level, but limited purchases—much above the level of commercial prices—would not improve total farm income as much as moving a larger quantity even at a somewhat lesser price in the event that increased purchasing funds were not available in an amount adequate to achieve full parity.

The greater the amount of money available for moving perishable or semiperishable crops into consumption, of course, the higher the level of prices it is possible to achieve. The sky is virtually the limit, although Government would tend to become the farmer's chief customer if such a program were pushed to extremes.

Of fundamental importance in this connection is the problem of providing for the long-range protection of farm income

through the continuance of both the purchase and loan programs. Any such programs could, of course, be swamped in the absence of adequate production adjustment by the greatly excessive supplies that would be called forth by parity prices for several crops.

Under the proposed language there is no program. The whole thing operates after the fact. If there be found to be overproduction, then it applies. There is no supervision either planned for, outlined, or testified to; and the record is barren of fact or incident to give us a basis for any such action as is contemplated by section (b).

Mr. Perkins continues:

It should be emphasized that adequate production adjustment is difficult to obtain in the case of certain specialty crops, such as fresh fruits and vegetables and nuts and even poultry products which are widely produced by a large number of small farmers.

Producers of nonbasic crops have, for the most part, several factors now operating in the direction of better income.

These factors are:

A. A sharp rise in consumer purchasing power due to increased pay rolls. This particularly affects the price level of the nonbasic crops of which there are acute nutritional deficiencies among low-income families. When a man gets off of relief the first foods he buys are meats, fruits, vegetables, and dairy products.

Those are the commodities the prices of which we are going to raise, Mr. President. We are to make the Treasury of the United States and the borrowing power of the Commodity Credit Corporation cause the United States Government to become the chief customer for such products. Meanwhile we raise the prices to all the little people everywhere.

Those are commodities he did not get on relief. So the increase pay rolls are offering the producers of these crops a very much broader market than they had before.

B. A broader total market occasioned by Government purchases for—

1. Britain and other democracies resisting aggression.
2. The Red Cross.
3. Domestic distribution to relief families.
4. School lunches.
5. Army and Navy requirements.

The Department of Agriculture is using, and intends to continue using, whatever purchase funds are available to it in such a fashion as to get the maximum possible effect upon total farm income.

This proposed act will make available for these purposes not only all the funds made available under section 3 of this act, but all funds otherwise made available to the Secretary, without limit and without appropriation. We do not know what they are; we cannot calculate them, because there was not an item of evidence as to what the cost of the program would be.

It cannot achieve a greater effect without a greater appropriation for this purpose, however, any more than it could maintain 83 percent of parity prices for the five basic crops without increased loan funds.

Summarizing the content of my remarks, we have in the Department of Agriculture a combination of triple A, with production control; Commodity Credit, with loan mechanisms; and S. M. A. and with purchases for export or domestic distribution. The combination of those three things, given adequate funds fairly distributed through the

crops, will give us the machinery through which we can get any price level Congress determines to be wise.

You cannot, however, approach the buying of cabbage and tomatoes in the same fashion as you approach the buying of cotton. We cannot, of course, store tomatoes. And the same thing goes for practically all of 40 or 50 specialty crops with which we will deal in a year.

Mr. President, this program would apply to castor beans, turpentine, cottonseed oil, walnuts, pecans, and prunes, as we heard this morning. Where are we to stop? To what point shall we say the Public Treasury shall be utilized to maintain a floor under the prices of nonbasic commodities? That is the question which is involved here; and at a quarter to 8 on June 30, without a bit of record, without any testimony upon which to justify our action, we are being asked to accept this proposal because the House passed it, although the Senate unanimously struck it out, and every member of the Banking and Currency Committee felt that it should be stricken from the bill. That is the predicament in which we find ourselves. We are asked to vote the bill up or down on the basis of the House version of it, without analysis and without exploration of the principle underlying the whole action.

To come back to section A, I do not object to section A, insofar as it applies to that type of crop whose expansion is called for by the Secretary of Agriculture after he finds that such crop is needed; but this language does not say that the program shall continue while the emergency exists under the President's proclamation. It says whenever, during the existing emergency, the Secretary of Agriculture finds it necessary, and so forth. There is no definition of what the existing emergency is. Whatever definition we could have had was rejected when the amendment which I offered in the committee was defeated.

Mr. President, it seems to me that another feature about section A should be mentioned, and that is that the action under it becomes mandatory.

Any such commodity loan, purchase, or other operation which is undertaken shall be continued until the Secretary has given sufficient public announcement to permit the producers of such commodity to make a readjustment in the production of the commodity.

Once we accept this theory, we are committed to a continuation of the program so long as the Secretary of Agriculture decides that it shall be continued.

Mr. President, I have given my reasons in outline. Were the hour not so late, they could be supplemented by many more. I feel that the conference report should be rejected. I believe that we should insist upon the Senate amendments to the bill, and let the whole matter of the policy involved in section (b) be referred to the proper committee, there to be carefully scrutinized and brought back as a basis of new legislation. The program initiates a brand-new policy. It is one that ought not to be added to a bill which merely continues the life of the Commodity Credit Corporation.

Mr. President, for those reasons, I feel that the conference report should be rejected. For my part, I refuse to sign it.

The PRESIDING OFFICER (Mr. MURDOCK in the chair). The question is on agreeing to the conference report. [Putting the question.] The Chair is in doubt.

Mr. DANAHER. Mr. President, I ask for a division.

On a division, the report was agreed to.

RECESS

Mr. BYRNES. Mr. President, I am advised that the House is in recess until 8 o'clock, at which time it will consider the conference report on the deficiency bill.

Therefore, I move that the Senate stand in recess until 8:30 p. m.

The motion was agreed to; and (at 7 o'clock and 47 minutes p. m.) the Senate took a recess until 8 o'clock and 30 minutes p. m., when it reassembled.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable committee reports of nominations were submitted:

By Mr. HATCH, from the Committee on the Judiciary:

Robert H. Jackson, of New York, to be an Associate Justice of the Supreme Court of the United States, in place of Harlan F. Stone, nominated to be Chief Justice of the United States.

By Mr. CONNALLY, from the Committee on the Judiciary:

Clyde O. Eastus, of Texas, to be United States attorney for the northern district of Texas.

By Mr. McKELLAR, from the Committee on Post Offices and Post Roads:

Sundry postmasters.

FEDERAL HOME LOAN BANK BOARD— JOHN H. FAHEY

Mr. BYRNES. Mr. President, as in executive session I ask unanimous consent for the present consideration of the nomination on the Executive Calendar.

The PRESIDING OFFICER. Is there objection? The Chair hears none. The clerk will state the nomination on the calendar.

The Chief Clerk read the nomination of John H. Fahey to be a member of the Federal Home Loan Bank Board.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. BYRNES. I ask unanimous consent that the President be notified of the confirmation of the nomination of Mr. Fahey.

The PRESIDING OFFICER. Without objection, the President will be notified.

UNITED STATES ATTORNEY—CLYDE O. EASTUS

Mr. CONNALLY. Mr. President, earlier in the day the nomination of Clyde O. Eastus to be United States attorney for the northern district of Texas was reported from the Judiciary Committee. It has not been printed on the calendar, but legally it is on the calendar. I ask unanimous consent for the present consideration of the nomination.

The PRESIDING OFFICER. Is there objection? The Chair hears none. The nomination will be stated for the information of the Senate.

The Chief Clerk read the nomination of Clyde O. Eastus to be United States attorney for the northern district of Texas.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. CONNALLY. I ask unanimous consent that the President be notified of the confirmation of this nomination.

The PRESIDING OFFICER. Without objection, the President will be notified.

ADDITIONAL BILLS INTRODUCED

Additional bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. REYNOLDS:

S. 1707 (by request). A bill to prevent the making of photographs and sketches of military or naval reservations, naval vessels, and other naval and military properties, and for other purposes; to the Committee on Military Affairs.

S. 1708 (by request). A bill for the relief of Susannah Sanchez; and

S. 1709. A bill conferring jurisdiction upon the United States District Court for the Western District of North Carolina to hear, determine, and render judgments upon the claims against the United States of I. M. Cook, J. J. Allen, Radiator Specialty Co., and the R. & W. Motor Lines, Inc.; to the Committee on Claims.

S. 1710. A bill for the relief of Norris I. Perry; to the Committee on Finance.

S. 1711. A bill to amend the act entitled "An act to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment," approved June 2, 1920, as amended, so as to include certain persons disabled while in the military or naval forces of the United States; to the Committee on Education and Labor.

AMERICA'S DANGER IS AMERICA'S OPPORTUNITY—ADDRESS BY SENATOR PEPPER

[Mr. PEPPER asked and obtained leave to have printed in the RECORD a radio address on the subject America's Danger Is America's Opportunity, delivered by him on June 28, 1941, under the auspices of the Committee to Defend America, which appears in the Appendix.]

ORDER OF BUSINESS—RECESS

Mr. BYRNES. Mr. President, the only business which I expect the Senate to transact tonight is the consideration of the conference report on the deficiency bill. I am advised that the House has not yet acted upon that bill.

Mr. McNARY. Mr. President, let me ask the able Senator if he has a plan for Thursday. What is expected to be the program?

Mr. BYRNES. Mr. President, it is my thought, based upon the tentative agreement which I have heretofore had with the Senator from Oregon, that we should take a recess until Thursday, that no legislative business should be transacted on Thursday, and that we should then take a recess until next Monday.

Mr. McNARY. Does the Senator contemplate the consideration of any action by the Judiciary Committee with respect to the Jackson nomination to the Supreme Court?

Mr. BYRNES. Mr. President, I have no plan at this time. I should prefer not to make a statement at this moment. In a few minutes I hope to confer with the Senator from Oregon and tell him of the wishes of the Senator from Kentucky [Mr. BARKLEY], who is expected to be present on Thursday.

I move that the Senate take a recess, subject to the call of the Chair.

The motion was agreed to; and (at 8 o'clock and 38 minutes p. m.) the Senate took a recess, subject to the call of the

everywhere to find the gentleman to again take up the matter with him. I consulted all the members I could find.

Mr. TARVER. I have been here all day I may say to the gentleman.

Mr. CANNON of Missouri. I made every effort to find the gentleman. As I say, I consulted with those members who were available and they agreed that this motion should be made.

Mr. TARVER. The gentleman then means that he has had another conference with somebody on his subcommittee since the conference was held the other day, at which time the membership of the subcommittee, with one exception, advised the gentleman that they thought this amendatory language ought not to be agreed to?

Mr. CANNON of Missouri. That is true.

Mr. TARVER. I, of course, have no knowledge of the gentleman having consulted other members of the committee, whether he has done so or not; that is within his own knowledge, not mine. I, of course, regret that the gentleman was unable to find me, because I have been very much interested in the subject matter. As I stated, I have been on the floor of the House all day.

Mr. CANNON of Missouri. Mr. Speaker, we are now in the last hours of the session immediately preceding the close of the fiscal year. It is vitally important that this legislation become law before adjournment tonight. We have before us now a minor proposition—the the last item in disagreement between the two Houses.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. CANNON of Missouri. Mr. Speaker, I yield to the gentleman from New York [Mr. TABER].

Mr. TABER. There seems to be one item in the bill whereby the Senate has limited soil-conservation payments, so that they shall not be above an amount which would equal the parity price. Is that involved in this amendment?

Mr. CANNON of Missouri. The item involves parity payments rather than soil-conservation payments. The purpose of the provision, as was fully discussed and explained at the time the bill was under consideration on the floor, is to provide sufficient funds to insure full parity prices for the five basic commodities.

Mr. TABER. But not more.

Mr. CANNON of Missouri. But it was the sense of the House, as indicated by the debate, that money should not be taken from the Treasury to pay more than parity price on any of the basic commodities; and this amendment was drawn with that in view.

Mr. TARVER. Mr. Speaker, will the gentleman yield?

Mr. CANNON of Missouri. Mr. Speaker, I yield 5 minutes to the gentleman from Georgia [Mr. TARVER].

Mr. TARVER. Mr. Speaker, I do not want the membership of the House to agree to this proposed amendment upon the theory that it is merely the correc-

tion of a typographical error. The matter contained in the amendment is very material.

There was inserted in the parity appropriation language in the bill provisions which included in the income of the farmer, to determine whether or not a parity price is being received for his product, the 85 percent of parity loans on the basic commodities which is provided under recently enacted law, and the soil-conservation benefits in addition to the amount of the parity payments. Many of us who are interested in agriculture did not feel that soil-conservation payments should be included, because they are benefits which are not granted by the Government to the farmer as subsidies or donations, but which are earned by the farmer through the expenditure of a great deal of effort and some money in the carrying on of soil-conservation practices. The subject matter was finally agreed to in an amendment which was in the nature of a compromise and which, as stated, included in the income of the farmer to be considered in determining whether he is receiving parity or not for his products, the 85 percent of parity loan which was provided by recent legislation. This amendment which is offered by the chairman of the subcommittee this afternoon provides that the 85 percent of parity loan or the market price, whichever is higher, shall be considered in determining whether or not he is receiving parity.

In other words, if the amount of the market price is 75 percent of parity, then the amount of the loan, 85 percent of parity, would be used in determining that question. If the market price, however, was 90 percent or 95 percent of parity, then the market price instead would govern in deciding that question; and being more than the 85-percent loan, the parity payment would be decreased to that extent. On the face of it that would appear to be fair, and it would be fair except for the proposition which I mentioned in opening; that is, that there has been included in the farmer's income in determining whether he is receiving parity, soil-conservation payments which ought not to be included therein and which probably some of us were willing to agree to include because of the language which limited to 85 percent parity loan the consideration of what the farmer is actually receiving for his crop when it is not sold but placed in the loan.

This pending proposal takes something very material away from your constituents who are engaged in the production of the five basic commodities. If the language it is proposed to change is favorable to the farmer, it is one of the few instances in which he has gotten a break. So far as I am concerned, I am willing for him to have it.

The subcommittee, of which the gentleman is chairman, met a few days ago at his request and discussed this subject matter, and with the exception of the gentleman from Illinois [Mr. DIRKSEN] the entire membership of the subcommittee present indicated their opinion that this amendment should not be adopted.

The gentleman says he has conferred with gentlemen on the subcommittee today. He may have done so. He has not conferred with me, although, as I said before, I have been present on the floor of the House throughout the session today. I feel this is not a matter which should be agreed to out of hand without your being advised that it does materially affect the rights of your farmer constituents, although I realize that under the emergent circumstances existing it will probably be agreed to.

[Here the gavel fell.]

Mr. CANNON of Missouri. Mr. Speaker, as the Members know, differences between the Houses must be composed in conference. In such conferences neither House can expect always to have its own way on every disagreement. We have to give and take. All legislation is by compromise.

The majority of the managers on the part of the House preferred not to agree to this amendment, but this afternoon at this late hour, now 20 minutes of 5, the last day of the fiscal year, this bill, one of the largest of the annual supply bills, carrying hundreds of items, has been agreed to by the two Houses in every detail with the exception of this one remaining amendment.

I diligently endeavored to contact every member of the committee of conference in this Chamber, in the cloakroom, in the anterooms, and in the corridors. I saw every member that I could find and all agreed to recede in order to secure the passage of this legislation before the deadline tonight. It does not affect in the slightest the amount of soil-conservation checks received. It follows in every respect the basic principle of parity prices for the five agricultural commodities. It carries out the understanding on both sides of the aisle in this House, and in the Senate, that appropriations should not be made from the Federal Treasury to provide subsidies above the parity price of any commodity.

Therefore, in order to insure the enactment of the bill before midnight, and by instruction of a majority of the conferees on the part of the House, I move that the House recede and concur in the amendment.

THE SPEAKER. The question is on the motion offered by the gentleman from Missouri [Mr. CANNON].

The motion was agreed to.

A motion to reconsider was laid on the table.

COMMODITY CREDIT CORPORATION

Mr. WILLIAMS submitted the following conference report on the bill (H. R. 4972) to extend the life and increase the credit resources of the Commodity Credit Corporation, and for other purposes.

(For conference report above referred to, see p. 5750 of the Senate proceedings of today.)

Mr. WILLIAMS. Mr. Speaker, I call up the conference report on the bill (H. R. 4972) to extend the life and increase the credit resources of the Commodity Credit Corporation, and for other purposes, and I ask unanimous consent that the statement be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. WILLIAMS]?

There was no objection.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. CRAWFORD] be substituted on the conference committee for the gentleman from Massachusetts [Mr. GIFFORD] who is unavoidably absent.

The SPEAKER. Without objection, it is so ordered. The Clerk will notify the Senate to that effect.

There was no objection.

Mr. WILLIAMS. Mr. Speaker, there is very little difference in the agreement reached by the conferees and the bill as it passed originally by the House. The life of the corporation according to our bill was extended to 1946, a period of 5 years. On that the House conferees receded and accepted the Senate amendment which confines the life of the corporation to July 1, 1943, an extension of 2 years.

The Senate struck out the entire fourth section of the House bill. The conferees restored all the provisions in that section in substance, which I think will clarify the language and make the provisions stronger than they were before.

Mr. Speaker, I now yield 5 minutes to the gentleman from Michigan [Mr. WOLCOTT].

Mr. WOLCOTT. Mr. Speaker, most legislation is the result of compromise. This bill was debated at length here on the floor and certain basic principles were agreed upon.

It was intended by the bill to protect the farmer who was given encouragement to expand his crops because of the emergency or otherwise. We felt that where a farmer was given encouragement to expand the production of a crop, he should be given some protection which would guarantee to him at the emergency's end that he would not be left with surplus commodities in his barn, which, if dumped on the market, might so demoralize the market as to make it less economical for him to cooperate with the President and the Department of Agriculture.

The principle of the House bill is included in the amendment, and I believe it is in better language than when it passed the House. It will be recalled that we had some discussion about the interpretation of the word "encourage." We have clarified that, and I think there is no doubt now as to what is meant by the word "encourage."

We adopted also as a matter of policy the principle that on these crops which I have mentioned where encouragement is given for increase in production, and, in fact, all other crops where it is possible, these funds where available will be used to establish 85 percent of parity.

For the first time in the history of American legislation the farmer has been successful in having written into the law a most definite declaration of policy in respect to parity. I am sure that the changes which have been made by the conferees do not change in one iota the benefits which will accrue to the farmers in respect to the principle we enacted

here on the floor the other day. They clarify the language so that it will facilitate the administration of the act.

I feel that the House can very well adopt this conference report with assurance that as a matter of governmental policy the farmer from now on, on all crops, basic or otherwise, should receive 85 percent of parity.

At last Congress has officially recognized the disparity between the price of things which the farmer buys and the price of the products which he sells. The enunciation of the policy that farmers should receive at least 85 percent of parity is a decided victory for the many Members of Congress who have been trying for years to solve this problem, not only for basic crops but for all farm commodities.

It is my hope that the President will sign the bill and that it shall be administered so as to effectuate its purpose.

A splendid job has been done by the conferees for the American farmer, and I hope the House will adopt the conference report.

[Here the gavel fell.]

Mr. MURDOCK. Mr. Speaker, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Arizona.

Mr. MURDOCK. The explanation of the conference report indicated that as far as possible 85 percent of parity will be encouraged on other than the five major crops. Do I correctly understand that to be the fact?

Mr. WILLIAMS. That is correct. That is the bill we passed and that is the bill that is now under consideration.

Mr. MURDOCK. We have already done quite well by the five major crops. What other crops are contemplated to be included? Will the gentleman be a little more specific in regard to the crops other than the five major crops?

Mr. WILLIAMS. Any crop the increased production on which is encouraged by the Secretary of Agriculture. That field is left entirely open to him. Any crop the increased production of which he encourages, and makes an announcement to that effect, is included. Anyone who enters upon that increased production program will be entitled to have the prices of such commodities protected under this bill. This applies to nonbasic commodities.

Mr. MURDOCK. I compliment the conferees on that improvement. It is a real accomplishment for the farmers. I hoped something further would be done for those products other than the five major crops, so as to make beneficial farm legislation more general.

Mr. WILLIAMS. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Speaker, I take this opportunity to congratulate the gentleman from Missouri [Mr. WILLIAMS] on the diplomatic manner in which he brought the conferees of the House and Senate into agreement. After all, it is a task to get the Senate to agree to put a section back into the bill once they have stricken it out.

In behalf of agriculture, as a Member of the House, and in behalf of our com-

mittee, I take this opportunity to congratulate the gentleman from Missouri on his fine work on this job and to express to the House my support in retaining section 4 in the bill. I think it a most important addition to the present law.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

WIRE TAPPING

Mr. HOBBS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 4228.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 4228, with Mr. COLE of Maryland in the chair.

The Clerk read the title of the bill.

Mr. HOBBS. Mr. Chairman, I yield myself the remainder of the time.

Mr. Chairman, before I begin to speak on the bill, I cannot find it in my heart to refrain from paying a deserved tribute to our friends of the minority for their splendid support of this measure, not only the members of our Committee on the Judiciary but the Members generally on that side. It is, indeed, heartening to see men rise to the full stature of manhood and statesmanship, as the Republicans have in the consideration of this bill, and in the contributions they have made to the discussions, not only here but in our committee. I, for one, wish to pay that tribute to our distinguished friends of the opposition.

May I echo most heartily the sentiments which have been expressed here today in the debate when I say there is no question of the sincerity of any man who is opposing this bill any more than there is a question of the sincerity of those of us who are supporting it. I believe it is a meed of praise due us all to say that in this hour of our country's crisis we are doing our duty as we see it, following the light as God gives us to see it. Therefore it is a joy to conclude this debate upon the high plane upon which it has been pitched.

Our good friend the gentleman from Massachusetts [Mr. CASEY], utterly innocently, of course, made the charge that Donald Musica, alias Donald Coster, was once a member of the F. B. I. That is not true. The gentleman from Massachusetts was misled by the testimony of Mr. Fly before our committee. This simply shows that good men can be mistaken. I believe that Mr. Fly innocently made the charge without proper investigation. I had it investigated, and it is not true.

It is true that Mr. Gaston B. Means was a member of the F. B. I. under the administration of Attorney General Daugherty, from 1921 to 1922, long before Mr. J. Edgar Hoover took charge. And the F. B. I. prosecuted him for his fraud. He was convicted and sentenced to a term in the penitentiary.

Let me answer in the next breath the question flung by the gentleman from

July 1

17-10000-1
LIBRARY
AGRICULTURE
U.S. DEPARTMENT OF AGRICULTURE
[PUBLIC LAW 147—77TH CONGRESS]

[CHAPTER 270—1ST SESSION]

[H. R. 4972]

AN ACT

To extend the life and increase the credit resources of the Commodity Credit Corporation, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 7 of the Act approved January 31, 1935 (49 Stat. 4), as amended, is hereby amended by deleting from the first sentence thereof the term "June 30, 1941" and inserting in lieu thereof the term "June 30, 1943".

SEC. 2. Section 1 of the Act approved March 8, 1938 (52 Stat. 107), as amended, is hereby amended by deleting from the second sentence thereof the term "on the basis of market prices at the time of appraisal" and inserting in lieu thereof the term "on the basis of the cost, including not more than one year of carrying charges, of such assets to the Corporation, or the average market prices of such assets for a period of twelve months ending with March 31 of each year, whichever is less;".

SEC. 3. Section 4 of the Act approved March 8, 1938 (52 Stat. 108), as amended, is hereby amended by deleting the term "\$1,400,000,000" and inserting in lieu thereof the term "\$2,650,000,000".

SEC. 4. (a) Whenever during the existing emergency the Secretary of Agriculture finds it necessary to encourage the expansion of production of any non-basic agricultural commodity, he shall make public announcement thereof and he shall so use the funds made available under section 3 of this Act or otherwise made available to him for the disposal of agricultural commodities, through a commodity loan, purchase, or other operation, taking into account the total funds available for such purpose for all commodities, so as to support a price for the producers of any such commodity with respect to which such announcement was made of not less than 85 per centum of the parity or comparable price therefor. The comparable price for any such commodity shall be determined and used by the Secretary for the purposes of this section if the production or consumption of such commodity has so changed in extent or character since the base period as to result in a price out of line with parity prices for basic commodities. Any such commodity loan, purchase, or other operation which is undertaken shall be continued until the Secretary has given sufficient public announcement to permit the producers of such commodity to make a readjustment in the production of the commodity. For the purposes of this section, commodities other than cotton, corn, wheat, tobacco, and rice shall be deemed to be non-basic commodities.

(b) It is hereby declared to be the policy of the Congress that the lending and purchase operations of the Department of Agriculture

(other than those referred to in subsection (a)) shall be carried out so as to bring the price and income of the producers of non-basic commodities not covered by any such public announcement to a fair parity relationship with other commodities, to the extent that funds for such operations are available after taking into account the operations with respect to the basic commodities and the commodities listed in any such public announcement and the ability of producers to bring supplies into line with demand.

Approved, July 1, 1941.

UNITED STATES DEPARTMENT OF AGRICULTURE
WAR FOOD ADMINISTRATION
Washington, D. C.

FEDERAL STATUTORY PROVISIONS RELATING TO PRICE
SUPPORT FOR AGRICULTURAL COMMODITIES

This is a revision of the talk by Robert H. Shields, Solicitor, War Food Administration and U. S. Department of Agriculture, before meeting of Regional Attorneys of War Food Administration and U. S. Department of Agriculture, Wednesday, August 16, Brown Palace Hotel, Denver Colorado, revised to include statutory changes between August 16 and October 3, 1944.

So far during the war period, the demands for agricultural commodities and their products, of course, have generally outrun supplies. As a result of these wartime demands, prices for agricultural commodities have, in the main, been at or above the producer price support levels established by the War Food Administration and the Department of Agriculture. But, as War Mobilization Director Byrnes has recently indicated,^{1/} supplies may soon exceed demands in the case of many commodities for which price support must be given. In order to sustain market prices and support levels under such conditions,^{2/} greatly increased price support activity will undoubtedly be required.^{3/} Techniques will have to be developed for supporting the prices of many commodities for which,

^{1/} Rep. to President by Director of War Mobilization, N.Y. Times, Sept. 10, 1944, § 1, p. 41, cols. 7 and 8, 90 Cong. Rec., Sept. 12, 1944, at 7761.

^{2/} For an excellent discussion of the forces which will affect the post-war trend of farm prices, see a recent paper entitled "Agricultural Prices Following World War II", by O. V. Wells, of the Bureau of Agricultural Economics, United States Department of Agriculture.

^{3/} The War Mobilization Director's recent report to the President, referred to in note 1 supra, states that ". . . it is estimated that compliance with this price support commitment may require an appropriation of as much as \$2,000,000,000 in 1945."

because of the exceptional present demands, very little price support activity has heretofore been necessary, and many difficult problems of handling, storing, and disposing of the large stocks of commodities that will undoubtedly be acquired will have to be solved. The federal statutory provisions relating to price support for agricultural commodities will thus be likely to have greatly increased significance in the near future and in the post-war period.^{4/}

The federal statutes dealing with price support for agricultural commodities fall into two main classes: First, there are the laws dealing directly with support price operations and, second there are the laws dealing indirectly with price support operations. These latter laws operate in three ways: (1) They place limitations on the disposal of Government-owned or controlled stocks of agricultural

4/ The federal law which provides the basic authority for price support activities, which would involve consideration of the powers of the Commodity Credit Corporation, is not covered by this article. The discussion here given is limited to those federal statutory provisions which make price supporting action mandatory or which direct the manner in which price supporting action shall be carried out. Authority in federal law for carrying out price support action through the Commodity Credit Corporation and other corporations preexisted the statutory provisions here discussed and, of course, was exercised prior to the enactment of these statutes. For discussions of the powers of the Commodity Credit Corporation, see Hearings before the Subcommittee of the House Committee on Appropriations on the Agriculture Department appropriation bill for 1945, 78th Cong., 2d Sess. (1944) 1250-1256, and Hearings before the joint Committee on Reduction of Non-Essential Federal Expenditures (Byrd Committee), 78th Cong., 1st Sess. (1943), part 8, 2488-2494. See Hearings before the House Committee on Banking and Currency on H. R. 2725, 78th Cong., 1st Sess. (1943) 27-63, for a collection of legal materials, including the charter, relating to the Commodity Credit Corporation. For resumes of the Corporation's activities see Reps. of President of Commodity Credit Corporation for fiscal years 1940-1943, inclusive.

commodities; (2) they regulate the marketing and affect the production of agricultural commodities; and (3) they encourage increased consumption of agricultural commodities.

The laws dealing directly with support price operations tend to divide the some 166 agricultural commodities into three groups:

(1) the so-called basic commodities, (2) the so-called Steagall commodities, and (3) other commodities. The basic commodities are corn, wheat, cotton, tobacco, rice, and peanuts for nuts.^{5/} The Steagall commodities are those as to which the United States Secretary of Agriculture or War Food Administrator has requested an expansion of production for war purposes and has made public announcement to that

^{5/} While the basic commodity loan legislation (see note 9 infra) and the Steagall Amendment (see note 6 infra), in enumerating the basic commodities, speak only of "peanuts", peanuts for oil have been consistently treated for price support purposes as a nonbasic commodity. This distinction between peanuts for nuts and peanuts for oil is in accord with the Congressional intention. See, e.g., statements of Senator Russell and Representative Pace, 87 Cong. Rec., 9950, 9915 (1941, made on the floor of the Senate and the House, respectively, in connection with their sponsorship of peanut loan legislation. The same distinction has been made for price control purposes. See note 24 infra.

effect under the provision of the so-called Steagall amendment.^{6/} The Steagall commodities are: Hogs, eggs, chickens (with certain exceptions)

6/ The so-called Steagall Amendment is as follows:

"Sec. 4. (a) Whenever during the existing emergency the Secretary of Agriculture finds it necessary to encourage the expansion of production of any non-basic agricultural commodity, he shall make public announcement thereof and he shall so use the funds made available under section 3 of this Act, /funds which the Commodity Credit Corporation is authorized to borrow on the credit of the United States/ or otherwise made available to him for the disposal of agricultural commodities, through a commodity loan, purchase, or other operation, taking into account the total funds available for such purpose for all commodities, so as to support, during the continuance of the present war and until the expiration of the two-year period beginning with the 1st day of January immediately following the date upon which the President by proclamation or the Congress by concurrent resolution declares that hostilities in the present war have terminated, a price for the producers of any such commodity with respect to which such announcement was made of not less than 90 per centum of the parity or comparable price therefor. The comparable price for any such commodity shall be determined and used by the Secretary for the purposes of this section if the production or consumption of such commodity has so changed in extent or character since the base period as to result in a price out of line with parity prices for basic commodities. Any such commodity loan, purchase, or other operation which is undertaken shall be continued until the Secretary has given sufficient public announcements to permit the producers of such commodity to make a readjustment in the production of the commodity. For the purposes of this section, commodities other than cotton, corn, wheat, tobacco, peanuts, and rice shall be deemed to be non-basic commodities." Act of July 1, 1941, as amended 55 Stat. 498 (1941), 56 Stat. 768 (1942), 15 U.S.C. § 713a-8(a) (Supp. III).

The powers, functions, and duties of the Secretary of Agriculture under the amendment and under other statutes relating to price support for agricultural commodities were among those transferred to the War Food Administrator. See Executive Order No. 9334 of April 19, 1943, 8 Fed. Reg. 5423 (1943).

and turkeys, milk and butterfat, dry peas of certain varieties, dry edible beans of certain varieties, soybeans for oil, peanuts for oil, flaxseed for oil, American Egyptian cotton, potatoès, and cured sweet potatoes.^{7/} Among the some 140 other agricultural commodities for which support prices have been announced are wool; naval stores, American hemp, sugar beets, sugarcane, black-eye peas and beans, certain fruits for processing, certain vegetables for processing, barley, grain sorghums, rye, Sea Island cotton, certain vegetable seeds, winter cover crop seeds, and hay and pasture seeds.^{8/}

^{7/} See War Food Administrator's proclamation of May 4, 1944, 9 Fed. Reg. 4837 (1944), which appears at the conclusion of the article, with respect to 1944 support prices. Previous announcements were made by the Secretary of Agriculture on August 29, 1941, 6 Fed. Reg. 4644 (1941), January 15, 1942, 7 Fed. Reg. 422 (1942), and November 28, 1942, 7 Fed. Reg. 9986 (1942), and by the War Food Administrator on September 8, 1943, 8 Fed. Reg. 12524 (1943)

^{8/} See War Food Administrator's announcement of 1944 support prices, United States Department of Agriculture press release of March 4, 1944; and Sen. Rep. No. 922, 78th Cong., 2d Sess. (1944) 69.

The law provides 9/ that farm prices of the basic commodities shall be supported by producer loans at 90 percent of parity in the case of

9/ Basic commodity loan legislation is found in Section 8 of the Stabilization Act of 1942, 56 Stat. 767 (1942), 50 U.S.C. App. § 968 (Supp. III), as amended by the Stabilization Extension Act of 1944, Pub. L. No. 383, 78th Cong., 2d Sess. (June 30, 1944) § 204 as amended by the Surplus property Act of 1944, Pub. L. No. 457 78th Cong., 2d Sess. (Oct. 3, 1944) § 37, and in Section 302 of the Agricultural Adjustment Act of 1938, 52 Stat. 43 (1938), 7 U.S.C. § 1302 (1940). Section 8(a) of the Stabilization Act of 1942, as amended, is as follows:

"Sec. 8. (a) The Commodity Credit Corporation is authorized and directed to make available upon any crop of the commodities cotton, corn, wheat, rice, tobacco, and peanuts harvested after December 31, 1941, and before the expiration of the two-year period beginning with the 1st day of January immediately following the date upon which the President by proclamation or the Congress by concurrent resolution declares that hostilities in the present war have terminated, if producers have not disapproved marketing quotas for such commodity for the marketing year beginning in the calendar year in which such crop is harvested. Loans as follows:

- "(1) To cooperators (except cooperators outside the commercial corn-producing area, in the case of corn) at the rate in the case of cotton of $92\frac{1}{2}$ per centum except with respect to cotton crops harvested after December 31, 1943, but not with respect to cotton crops planted after 1944, 95 per centum and at the rate in the case of the other commodities of 90 per centum, of the parity price for the commodity as of the beginning of the marketing year;
- "(2) To cooperators outside the commercial corn-producing area, in the case of corn, at the rate of 75 per centum of the rate specified in (1) above;
- "(3) To noncooperators (except noncooperators outside the commercial corn-producing area, in the case of corn) at the rate of 60 per centum of the rate specified in (1) above and only on so much of the commodity as would be subject to penalty if marketed."

See note 26 infra for a brief explanation of the meaning of "parity".

- 7 -

corn, wheat, tobacco, rice, and peanuts for nuts, and $92\frac{1}{2}$ percent of parity in the case of cotton (except with respect to cotton harvested after 1943 but planted before 1945, 95 percent of parity 10/). These loans must be continued for at least two years after the war. When acreage allotments and marketing quotas are in effect under the Agricultural Adjustment Act of 1938, these rates are available only to cooperating farmers, and non-cooperators are entitled to loans only on that part of their production in excess of the quota and at only 60 percent of the rate applicable to cooperators. In the case of corn outside the commercial corn producing area,^{11/} the applicable

10/ Section 37 of the Surplus Property Act of 1944, note 9 supra, which increases the loan rate on the 1944 cotton crop from $92\frac{1}{2}$ percent to 95 percent of parity, reads as follows:

"(a) Section 8(a)(1) of the Stabilization Act of 1942, as amended (relating to loans upon certain agricultural commodities), is amended by striking out 'at the rate in the case of cotton of $92\frac{1}{2}$ per centum' and inserting in lieu thereof 'at the rate in the case of cotton of 95 per centum'.

"(b) The amendment made by this section shall be applicable only with respect to crops harvested after December 31, 1943, but shall not apply to crops planted after 1944. In the case of loans made under such section 8 upon any of the 1944 crop of cotton before the amendment made by this section takes effect, the Commodity Credit Corporation is authorized and directed to increase or provide for increasing the amount of such loans to the amount of the loans which would have been made if the loan rate specified in the amendment made by this section had been in effect at the time the loans were made."

11/ The commercial corn-producing area, as defined by Section 301(b)(4)(A) of the Agricultural Adjustment Act of 1938, 7 U.S.C. § 1301(b)(4)(A) (1940), includes all counties in which the average production of corn (excluding corn used as silage) during the ten calendar years immediately preceding the calendar year for which such area is determined, after adjustment for abnormal weather conditions, is four hundred and fifty bushels or more per farm and four bushels or more for each acre of farm land in the county. See also section 301(b)(4)(B) of the Act.

loan rate to cooperators is only 75 percent of the rate in the area, and no loans are required to be made to non-cooperators outside the area. The law also provides that none of the foregoing loans are required to be made if marketing quotas are proclaimed but are opposed by more than one-third of the farmers voting in the producer referendum.^{12/}

The law as amended further provides that the loan rates referred to above are subject to such adjustment -- not below 85 percent of parity, however -- as the President determines necessary "to prevent an increase in the cost of feed for livestock and poultry and to aid in the effective prosecution of the war."^{13/} The 1943 wheat and corn loan rates were adjusted to 85 percent of parity pursuant to this provision. The 1944 wheat loan rate, originally so adjusted to 85 percent of parity, has now been restored to the 90 percent level.

Prices for some of the basic commodities have been supported at various levels by producer loans since 1933. Since the enactment of the Agricultural Adjustment Act of 1938, the law has specified the levels at which these loans should be made. The rate of price support has been changed by administrative or Congressional action from time to time. Soon after the war in Europe began, the Congress fixed the loan rates on commodities produced through the calendar year 1946 at

^{12/} 55 Stat. 205 (1941), 7 U.S.C. § 1330(10) (Supp. III), and 56 Stat. 767 (1942), 50 U.S.C. App. § 968(a) (Supp. III).

^{13/} 56 Stat. 768 (1942), 50 U.S.C. App. § 968(c) (Supp. III).

85 percent of parity.^{14/} With the enactment of the Stabilization Act of 1942, these rates were raised from 85 percent to 90 percent of parity and were made applicable for at least two years after the war. The loan rate on cotton was increased on June 30, 1944, by the Stabilization Extension Act of 1944, to $92\frac{1}{2}$ percent of parity and, with respect to the cotton in 1944, as just indicated, was increased on October 3, 1944, by the Surplus Property Act of 1944, to 95 percent of parity.^{15/} In addition, Congress has by the Stabilization Extension Act directed the President^{16/} to take "all lawful action" through any agency of the Government to assure to producers of the basic commodities the higher of (1) the parity price or (2) the highest price (adjusted for grade,

^{14/} 55 Stat. 205 (1941) as amended by 55 Stat. 860 (1941), 7 U.S.C. § 1330 (Supp. III).

^{15/} See notes 9 and 10 supra.

^{16/} This requirement will be effective only through June 30, 1945, unless the Stabilization Act of 1942 is further extended. See section 6 of that Act, as amended by Section 203 of the Stabilization Extension Act of 1944.

location, and season) received between January and September 1942.^{17/}

The provisions of the Stabilization Extension Act of 1944 have raised questions as to the status of the mandatory loan rates. The Congress had before it, while the Stabilization Extension Act was being considered, a provision increasing the loan rates on all the basic commodities to 95 percent of parity.^{18/} However, the legislation then

17/ This provision is as follows:

"Sec. 3. * * *

"The President, acting through any department, agency, or office of the Government, shall take all lawful action to assure that the farm producer of any of the basic agricultural commodities (cotton, corn, wheat, rice, tobacco, and peanuts) and of any agricultural commodity with respect to which a public announcement has been made under section 4(a) of the Act entitled 'An Act to extend the life and increase the credit resources of the Commodity Credit Corporation and for other purposes,' approved July 1, 1941, as amended (relating to supporting the prices of nonbasic agricultural commodities), receives not less than the higher of the two prices specified in clauses (1) and (2) of this section (the latter price as adjusted for gross inequity). * * *." Stabilization Act of 1942, as amended by Stabilization Extension Act of 1944, Pub. L. No. 383, 78th Cong., 2d Sess. (June 30, 1944) § 201(b).

The prices specified in clauses (1) and (2) of the section are: (1) the parity or comparable price (adjusted for grade, location and season) for the commodity; or (2) the highest price received by producers for the commodity between January 1 and September 15, 1942 (adjusted for grade, location and season), or, if the market for the commodity was inactive during the latter half of such period, a price in line with the prices during such period of other commodities produced for the same general use. These prices appear in the Monthly Price Report of the Bureau of Agricultural Economics, Agricultural Prices, June 29, 1944, 19-24.

18/ See H. R. Rep. No. 1698, 78th Cong., 2d Sess. (1944) 26.

enacted increased only the cotton loan rate and provided that the President should take all lawful action to assure farm producers of the basic commodities not less than the prices just referred to. It seems clear that this general legislative direction to the President did not change the mandatory loan rates on basic commodities. These rates are specifically fixed by that statute at $92\frac{1}{2}$ percent of parity for cotton and 90 percent of parity for the other basic commodities. Moreover, the mandatory loan rate with respect to cotton in 1944 was increased to 95 percent of parity by the Surplus Property Act of 1944 but the loan rates with respect to the other basic commodities were not changed. This view is further confirmed by the fact that the War Food Administration has just announced 100 percent of parity purchase programs, under certain conditions, with respect to cotton and wheat for the 1944 crops, whereas the loan rates remain at the statutory levels.^{19/}

With respect to the Stegall commodities -- hogs, eggs, chickens and turkeys, milk and butterfat, dry peas of certain varieties, dry beans of certain varieties, soybeans for oil, peanuts for oil, flaxseed for oil, American-Egyptian cotton, potatoes, and cured sweet potatoes -- the law also provides for price support for at least two years after the war, at not less than 90 percent of the parity or comparable price. The provision just discussed,^{20/} which directs the President to take

^{19/} U.S. Department of Agriculture Press Release of September 24, 1944.

^{20/} See note 17 supra.

all lawful action to assure producers the higher of the parity price or the highest price (adjusted for grade, location, and season) received between January and September 1942, is also applicable to the Steagall commodities.^{21/}

The Steagall Amendment provides that, whenever during the existing emergency the Secretary of Agriculture ^{22/} finds it necessary to encourage the expansion of production of any non-basic agricultural commodity, he shall make public announcement thereof. Upon such finding and

^{21/} In general, in connection with this mandate to the President, the War Food Administration is taking all lawful action, within the limits of the funds available to it, to carry out the Congressional direction to assure the producers of the basic and Steagall commodities the prices referred to. Substantially all the three billion dollar borrowing power of the Commodity Credit Corporation is committed as a result of its current loan, purchase and other operations, and price support programs at higher than present levels could not be carried out unless considerable additional funds were made available by the Congress. When the borrowing power of the Commodity Credit Corporation was last increased (57 Stat. 566, 15 U.S.C. § 713a-4 (Supp. III)) which was before the enactment of the Stabilization Extension Act of 1944, the need for additional funds to carry out this mandate obviously was not considered. The Congress has not had an opportunity since the enactment of the Stabilization Extension Act of 1944 fully to appraise the need for funds and to implement its direction to the President by providing necessary additional funds. No consideration is here given to the possible effect of this direction to the President upon ceiling prices established under the Emergency Price Control Act of 1942, 56 Stat. 23 (1942), as amended 56 Stat. 767 (1942), 50 U.S.C. App. § 901 et seq. (Supp. III) and Pub. L. No. 383, 78th Cong., 2d Sess. (June 30, 1944).

^{22/} Now War Food Administrator, See note 6 supra.

announcement, the Secretary is required to use Commodity Credit Corporation and other funds available to him for disposal programs, through a commodity loan, purchase, or other operation, so as to support at not less than the specified level the price for the producers of the commodity with respect to which the announcement was made. This specified minimum price support level was originally 85 per centum of the parity or comparable price. Under the amendment as originally enacted, the Secretary was required to continue the price support for any such commodity until he had given sufficient public announcement to permit producers to make readjustments in the production of the commodity. Just as the loan rate in the case of the basic commodities was increased from 85 percent to 90 percent of parity by the Stabilization Act of 1942, so the minimum support rate for Steagall commodities was increased by that act to not less than 90 percent of the parity or comparable price. Also, the Stabilization Act of 1942 extended the duration of the support for Steagall commodities by providing that the support should continue for at least two years after the war.

There are several points to be noted as to the methods by which prices of Steagall commodities may be supported. The law provides that prices may be supported "through a commodity loan, purchase, or other operation". It leaves the particular method for administrative determination. A variety of support mechanisms have been employed -- commodity loans, as in the case of 1944 crop of American-Egyptian

cotton, purchase programs,^{23/} as in the case of eggs, and variations and combinations of these, as in the case of soybeans. Many of these operations have involved inventory takeouts, that is, commitments to processors or dealers to purchase inventories of commodities for which farmers were paid support prices or inventories of products, such as soybean oil and meal, made from commodities for which farmers were paid support prices.

In addition, the marketing level at which price support mechanisms are operative is left to administrative discretion. Thus, the price support mechanism may be operative at the farm level, the local market level, the sub-terminal or terminal market level, or at more than one level, depending upon what is administratively most practicable. In most cases, operations are carried out at more than one level. For example, with respect to the 1943 crop of Irish potatoes, loans were made to producers and to dealers who paid support prices, and purchase programs were carried out at both levels.

It will be noted that the Steagall Amendment provides for price support at not less than the 90 percent of the parity or comparable price

^{23/} Section 2(e) of the Emergency Price Control Act of 1942, as amended by the Stabilization Extension Act of 1944, provides that, after June 30, 1945, no Government corporation shall make any subsidy payments, or buy any commodities for the purpose of selling them at a loss and thereby subsidizing directly or indirectly the sale of commodities, unless funds for such purposes have been appropriated by Congress. Purchases made under price support programs designed primarily to obtain necessary agricultural production do not appear to come within this prohibition.

level, and that it does not fix the level, as does the loan legislation with respect to the basic commodities. In other words, the Steagall Amendment establishes only a floor - 90 percent of the parity or comparable price -- below which a support mechanism may not operate, and leaves the way open for price support at a higher level if such action is necessary to get needed production. The levels of price support for Steagall commodities range this year from 90 percent of parity for eggs and potatoes to about 130 percent of parity for milk and butterfat.^{24/} It follows from what has been said that the price support for Steagall commodities may vary from year to year or time to time, provided, of course, that at all times the price support level is equal to at least 90 percent of the parity or comparable price. In the case of soybeans, the support price was 105 percent of the comparable price for the 1942 crop, about 110 percent of the comparable price for the 1943 crop, and is almost 125 percent of the comparable price for the 1944 crop. In the case of hogs, on the other hand, the trend of the support rate has been downward recently. Thus, while \$13.75 per cwt. was the support levles announced for 200 to 240-pound hogs through September 30, 1944, \$12.50 per cwt. was the level announced at the same time for the period beginning October 1, 1944.

And this brings us to another question concerning price support operations for Steagall commodities: Must the support price mechanism

^{24/} Peanuts are in a special category. See note 5 *supra*. The level of producer price support for 1944 crop peanuts, both for nuts and for oil, is close to 100 percent of the parity price of peanuts for nuts and about 200 percent of the comparable price of peanuts for oil.

for a commodity be applicable across the board, so to speak, that is, to all grades and qualities of a commodity? Here again practical considerations have dictated the answer. The support price mechanisms for Steagall commodities have been designed, to the fullest practicable extent, to support the prices for producers of the commodity as grown and normally marketed at any location and at any time. However, in some cases the administrative officials have determined that the most practicable way to accomplish this objective, taking into account all factors of production, storage, marketing, and so forth, is by supporting only certain grades or qualities of a commodity. For example, last year with respect to Irish potatoes loan rates were based on the percentage of U. S. No. 1 potatoes in the lot, and loan rates on U. S. No. 2 potatoes were stated in terms of a percentage of the U. S. No. 1 loan rate. It seems reasonable to conclude that, so long as the support program, to the fullest practicable extent, enables the producer to receive the support price for the commodity in the form or condition in which it is normally marketed by producers, the requirements of the Steagall Amendment are satisfied.

These questions concerning price support operations for Steagall commodities suggest still another, namely: Under the Steagall Amendment is each individual farmer to be guaranteed the support price on each day that he markets the commodity? To assure the attainment of this objective, it would be necessary throughout the marketing season to

have marketing and storage facilities adequate to handle all Steagall Amendment commodities at every point where such commodities are marketed by farmers. Experience demonstrates that facilities are not now available to this extent. Accordingly, as I have indicated, the Department must do the best it can with the facilities available. Thus, where local storage facilities are inadequate, producer loan programs may be supplemented by purchase programs and by loans and purchases at subterminal and terminal market levels, all such operations being calculated to assure the announced support prices to farmers.

Still another question is the extent to which seasonal adjustments in support prices may be made. In the case of non-perishable commodities produced on an annual crop basis, supporting the price at the required level, as determined as of the beginning of the marketing year, meets the Department's obligations under the Steagall Amendment, since the bulk of such a commodity has been produced and is available for marketing at that time. This view of the requirements of the Steagall Amendment is consistent with the specific provisions of the basic commodity loan legislation, which fix loan rates for the basic commodities in relation to parity prices determined as of the beginning of the marketing year. In the case of commodities produced the year round, as well as other commodities, adjustments in the support price in order to reflect either normal or otherwise desirable seasonal variations in the prices received by farmers constitute reasonable action under the Steagall Amendment.

In brief, then, the Steagall Amendment requires that, to the fullest practicable extent, each farmer be given the opportunity to receive support prices for his production of Steagall commodities. This obligation of the Department under the Steagall Amendment was re-emphasized by the Congress in the Act of February 28, 1944,^{25/} in which it was again declared to be the duty of the Department to carry out fully its commitments to producers under the Steagall Amendment.

There are two other matters which should be mentioned. First, that the Steagall Amendment provides for supporting Steagall commodities at parity prices or comparable prices, whichever are applicable with respect to the particular commodity. Parity price is, in brief, a price which will give to the commodity a purchasing power, in terms of articles ordinarily purchased by farmers, approximately equivalent

^{25/}58 Stat. 106 (1944), Pub. L. No. 240, 78th Cong., 2d Sess. (February 28, 1944) § 2, which reads as follows:

"In cases where producers have expanded or hereafter expand production of nonbasic agricultural commodities pursuant to any public announcement made under section 4(a) of the Act entitled 'An Act to extend the life and increase the credit resources of the Commodity Credit Corporation and for other purposes', approved July 1, 1941, as amended, it shall be the duty of the Secretary of Agriculture or the War Food Administrator through loans, purchases, and other operations under such section 4(a), to completely fulfill all commitments made to such producers. In order to carry out the purposes of this section, the Secretary of Agriculture or the War Food Administrator shall use such of the funds available for carrying out the provisions of such section 4(a) as may be necessary, and such funds are hereby made available for such purpose."

to its purchasing power in a particular base period.^{26/} The law provides that the comparable price for any commodity shall be determined and used if the production or consumption of the commodity has so changed in extent or character since the parity base period as to result in a price out of line with parity prices for basis commodities. Comparable prices have been established for soybeans, peanuts for oil, and dry peas, and support price operations based on comparable prices are now

26/ Section 301(a)(1) of the Agricultural Adjustment Act of 1938, 52 Stat. 38 (1938), 7 U.S.C. § 1301 (1940) is as follows:

"'Parity', as applied to prices for any agricultural commodity, shall be that price for the commodity which will give to the commodity a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of such commodity in the base period; and, in the case of all commodities for which the base period is the period August 1909 to July 1914, which will also reflect current interest payments per acre on farm indebtedness secured by real estate, tax payments per acre on farm real estate, and freight rates, as contrasted with such interest payments, tax payments, and freight rates during the base period. The base period in case of all agricultural commodities except tobacco shall be the period August 1909 to July 1914. In the case of all kinds of tobacco except Burley and flue-cured such base period shall be the period August 1919 to July 1929, and, in the case of Burley and flue-cured tobacco, shall be the period August 1934 to July 1939; except that the August 1919-July 1929 base period shall be used in allocating any funds appropriated prior to September 1, 1940."

See Sections 2 and 8e of the Agricultural Adjustment Act (1933), 48 Stat. 32 (1933), 49 Stat. 762 (1935), 50 Stat. 246 (1937), 7 U.S.C. § 602, 608e (1940). See also "Parity Prices: What They Are and How They are Calculated" (Bureau of Agricultural Economics, June 30, 1942) passim.

in effect with respect to these commodities.^{27/}

A second matter to be noted is the kind of conditions which the law permits to be attached to support price benefits.^{28/} Here, too, the law is not explicit. The Steagall Amendment provides for continuing price support for a two-year period after the war, when the need for increased production will probably have decreased considerably. Since the purpose of the two-year provision was to enable farmers to readjust their production to normal by the close of the two-year period, it is reasonable to conclude that production adjustment conditions related to changes in production needs may be imposed.^{29/} This would make the position of

^{27/} See Section 3(b) of the Emergency Price Control Act of 1942, 56 Stat. 27 (1942), 50 U.S.C. App. § 903(b) (Supp. III), which provides for the determination and use of comparable prices, in lieu of parity prices, in connection with price ceilings on agricultural commodities and products thereof. Comparable prices for 17 commodities, including soybeans, peanuts for oil, and dry peas, have been established pursuant to this provision. See Monthly Price Report of the Bureau of Agricultural Economics, Agricultural Prices, September 29, 1942, 26-29.

^{28/} Section 2(m) of the Emergency Price Control Act of 1942, added by the Stabilization Extension Act of 1944, provides that unauthorized conditions shall not be imposed on payments with respect to the production or sale of agricultural commodities or in contracts for the purchase of such commodities. However, conditions reasonably related to the objective of the particular program would seem to be authorized.

^{29/} The Steagall Amendment originally provided that price support operations should be continued until producers were given sufficient notice to readjust their production. 55 Stat. 498 (1941). It still contains this provision, in addition to the provision that prices shall be supported for at least two years after the war. As amended by 56 Stat. 768 (1942), 15 U.S.C. § 713a-8(a) (Supp. III).

the Steagall commodities comparable to that of the basic commodities, on which loans at the full rate are made only to cooperating producers when marketing quotas are in effect. Adequate notice of such conditions would be required, of course. Actually no such production adjustment conditions have yet been imposed.

With respect to price support for agricultural commodities other than the basic commodities and the Steagall commodities, section 4(b) of the Act of July 1, 1941,^{30/} declares it to be the policy of the Congress that lending and purchase operations of the Department shall be carried out so as to bring the price and income of the producers of non-basic non-Steagall commodities to a fair parity relationship with the basic and the Steagall commodities, to the extent that funds for such operations are available, after taking into account the operations with respect to basic and Steagall commodities and the ability of producers to bring supplies into line with demand. To the extent practicable, the Department is carrying out this declared policy of the Congress.

30/ Section 4(b) is as follows:

"Sec. 4 * * *

"(b) It is hereby declared to be the policy of the Congress that the lending and purchase operations of the Department of Agriculture (other than those referred to in subsection (a)) shall be carried out so as to bring the price and income of the producers of non-basic commodities not covered by any such public announcement to a fair parity relationship with other commodities, to the extent that funds for such operations are available after taking into account the operations with respect to the basic commodities and the commodities listed in any such public announcement and the ability of producers to bring supplies into line with demand." Act of July 1, 1941, 55 Stat. 498 (1941), 15 U.S.C. § 713a-8(b) (Supp. III).

As has been stated, price support programs for certain of these commodities are being carried out. These include programs for wool, naval stores, American hemp, sugar beets, sugarcane, black-eye peas and beans, certain fruits for processing, certain vegetables for processing, barley, grain sorghums, rye, Sea Island cotton, certain vegetable seeds, winter cover crop seed, and hay and pasture seed. These price supports range from about 90 percent of parity in the case of the loan program for naval stores to about 130 percent of parity in the case of sugar beets and wool and about 160 percent of parity for raisins.

The support price operations conducted by the Department with respect to the basic and non-basic commodities affect such a large proportion of the total agricultural economy, both in terms of value of the crops and in terms of the number of farmers producing these crops, that the effect of the action is to bring the price of other agricultural commodities in line with those with respect to which these supports are operative. In the absence of a price for commodities not subject to price support operations comparable to the prices of the supported commodities farmers would, of course, tend to shift to the production of commodities which are supported.

A word may be said about special price support provisions for three commodities, namely, milk, sugarcane and sugar beets. The

Agricultural Marketing Agreement Act of 1937, as amended, ^{31/} provides for the issuance, after public notice and hearing, of marketing orders which fix minimum prices for milk to producers. In general, the purpose of the law is to fix prices which will tend to assure to the producers of milk and its products a parity return, adjusted to such extent as is reasonable in view of feed prices and other economic factors. In the case of sugar beets and sugarcane, there is statutory provision in the Sugar Act of 1937, as amended, ^{32/} for marketing quotas and allotments with respect to sugar and for conditional payments to producers of beets and cans. In the present short sugar supply situation, however, the quota provisions of the Act are not operative.

Of course, the laws forming the bases of price supports for agricultural commodities can be effective only within the limits of available funds. There is annually available to the Department upwards of 100 million dollars, appropriated by Section 32 of the Act of August 24, 1935, as amended, ^{33/} which may be used for supporting prices of agricultural commodities. Currently, and probably for some time yet to come, there will be money available for purchasing commodities for the armed services, Lend-Lease, and foreign relief. These purchases, besides meeting the needs for which the particular purchases are made, may be effectively utilized to support prices. A half-billion dollars of

^{31/} 50 Stat. 246(1937), 7 U.S.C. § 608(c) (1940).

^{32/} 50 Stat. 903 (1937), 7 U.S.C. § 1100 et seq. (1940), as extended by Pub. L. No. 345, 78th Cong., 2d Sess. (June 20, 1944).

^{33/} 49 Stat. 774 (1935), 7 U.S.C. § 612c (1940).

Lend-Lease funds have been earmarked for the procurement of agricultural commodities and foods produced in anticipation of Lend-Lease needs.^{34/} Of course, the Commodity Credit Corporation, with a borrowing power of three billion dollars and a capital of one hundred million dollars, is the chief source of funds for price support purposes. If price support operations are to be continued for the two-year period after the war, as is now provided in the basic loan legislation and the Steagall Amendment -- to say nothing of the possibility that the level and scope of price support may be legislatively increased and extended -- greatly increased funds must be supplied.^{35/} It will be seen, therefore, that the extent to which price-support operations are carried out after the war will depend largely upon the extent to which funds are supplied by the Congress.

The laws which I have been discussing are those which directly affect price support operations. As was indicated at the outset, however, there are, in addition to these, laws which have an indirect price supporting effect. These latter laws include those which relate to the disposal of Government-owned and controlled stocks of agricultural commodities, those which regulate the marketing and affect the production

^{34/} See hearings before Subcommittee of the House Committee on Appropriations, 78th Cong., 2d Sess., on Foreign Economic Administration Appropriation Bill for 1945, "Reserve for Agricultural Revolving Fund" 201-208.

^{35/} See Rep. to President by Director of War Mobilization, cited note 1 supra and quotation therefrom note 3 supra.

of agricultural commodities,^{36/} and those which tend to encourage the consumption of agricultural commodities.^{37/} Because of the close relationship between the restrictions upon the disposition of commodities and the direct price support operations of the Department, a brief discussion of these restrictions is in order.

For the last three years there has been included in the annual agricultural appropriation act a proviso which prohibits, except as I shall indicate, the disposition by the Commodity Credit Corporation of

^{36/} See Title III, Subtitle B - Marketing Quotas, of the Agricultural Adjustment Act of 1938, 52 Stat. 45 et seq. (1938), 7 U.S.C. § 1311 et seq. (1940), as amended, 7 U.S.C. § 1312 et seq. (Supp. III); the Soil Conservation and Domestic Allotment Act, 49 Stat. 1148 et seq. (1936), 16 U.S.C. § 590g(a) - 590q(b) (1940), as amended, 16 U.S.C. § 590h (Supp. III); Agricultural Marketing Agreement Act of 1937, as amended, cited note 31 supra; Sugar Act of 1937, as amended, cited note 32 supra.

^{37/} See Section 32 of the Act of August 24, 1935, as amended, cited note 33 supra.

farm commodities at less than the parity or comparable price.^{38/} Moreover, the Agricultural Adjustment Act of 1938 prevents the sale of Government-held cotton at a price below that sufficient to fully reimburse the United States for the total cost of the cotton, including all payments made with respect to the cotton by any of its agencies, and, in addition, limits the sale of such cotton to 1,500,000 bales in any calendar year

38/ Items entitled "Commodity Credit Corporation" in Department of Agriculture Appropriation Acts, 1943, Pub. L. No. 674, 77th Cong., 2d Sess. (July 22, 1942), 1944, Pub. L. No. 129, 78th Cong., 1st Sess. (July 12, 1943), and 1945, Pub. L. No. 367, 78th Cong., 2d Sess. (July 28, 1944). The proviso in the 1945 appropriation act is as follows:

"* * * Provided further, That none of the fund made available by this paragraph for administrative expenses of the Commodity Credit Corporation shall be used for administrative expenses connected with the sale of Government-owned or Government-controlled stocks of farm commodities at less than parity price as defined by the Agricultural Adjustment Act of 1938 or the comparable price as provided by section 4(a) of the Act of July 1, 1941, as amended (15 U.S.C. 713a-8); and the method that is now used for the purposes of Commodity Credit Corporation loans for determining the parity price or its equivalent for 7/8-inch middling cotton at the average location used in fixing the base loan rate for cotton shall also be used for determining the parity price for 7/8-inch middling cotton at such average location for the purposes of this proviso: Provided further, That the foregoing shall not apply to the sale or other disposition of any agricultural commodity substantially deteriorated in quality (or in the case of perishable fruits and vegetables if there is danger of deterioration or of accumulation of stocks) or sold for the purpose of feeding, or the extraction of peanut oil, or commodities sold to farmers for seed or for new or byproduct uses: Provided further, That no wheat or corn shall be sold for feed at a price less than the parity price of corn at the time such sale is made: Provided further, That in making regional adjustments in the sale price of corn or wheat in the minimum price need not be higher in any area than the United States average parity price of corn."

and 300,000 bales in any calendar month.^{39/} By the provisions of the Surplus Property Act of 1944 approved October 3, 1944, these same restrictions were made applicable to the disposition under that act of surplus farm commodities held by any agency of the Federal Government. In addition, that act provides that farm commodities cannot be sold pursuant thereto even at parity or comparable prices if current

^{39/} Section 381 (c) of the Act, 52 Stat. 67 (1938), 7 U.S.C. § 1381(c) (1940). The provision is as follows:

"Sec. 381. (c) The Commodity Credit Corporation is authorized on behalf of the United States to sell any cotton of the 1937 crop so acquired by it, but no such cotton or any other cotton held on behalf of the United States shall be sold unless the proceeds of such sale are at least sufficient to reimburse the United States for all amounts (including any price-adjustment payment) paid out by any of its agencies with respect to the cotton so sold. After July 31, 1939, the Commodity Credit Corporation shall not sell more than three hundred thousand bales of cotton in any calendar month, or more than one million five hundred thousand bales in any calendar year. The proceeds derived from the sale of any such cotton shall be used for the purpose of discharging the obligations assumed by the Commodity Credit Corporation with respect to such cotton, and any amounts not expended for such purposes shall be covered into the Treasury as miscellaneous receipts."

prevailing market prices are higher.^{40/}

The provisions of law which have restricted the disposition of farm commodities by the Commodity Credit Corporation have, however, also contained certain exceptions from these restrictions.^{41/} They permit the disposal of any commodity below the parity or comparable price if it has substantially deteriorated in quality. And perishable fruits and vegetables may be sold below the parity or comparable price if there is danger of deterioration or of accumulation of stocks. Also,

^{40/} The provision of the act is as follows:

"Sec. 21 * * *

"(c) Surplus farm commodities shall not be sold in the United States under this Act in quantities in excess of, or at prices less than, those applicable with respect to sales of such commodities by the Commodity Credit Corporation, or at less than current prevailing market prices, whichever may be the higher, unless such commodities are being disposed of, pursuant to this Act, only for export; and the Commodity Credit Corporation may dispose of or cause to be disposed of for cash or its equivalent in goods or for adequately secured credit, for export only, and at competitive world prices, any farm commodity or product thereof without regard to restrictions with respect to the disposal of commodities imposed upon it by any law: Provided, That no food or food product shall be sold or otherwise disposed of under this subsection for export (1) if there is a shortage of such food or food product in the United States or if such sale or other disposition may result in such a shortage, or (2) if such food or food product is needed to supply the normal demands of consumers in the United States."

^{41/} See items cited in note 38 supra. An exception for relief distribution was contained in the item in the agriculture appropriation act for the fiscal year 1943, but was omitted from the items for the 1944 and 1945 fiscal years.

wheat may be sold for feed at less than parity but not less than the parity price for corn. In addition, farm commodities may be sold below parity or comparable prices if they are sold to farmers for seed or are sold for new or by-product uses or, in the case of peanuts, for the extraction of peanut oil.

The Surplus Property Act of 1944 also contains a significant exception to the restrictions applicable to the disposition of farm commodities.^{42/} This exception relates to the disposition of farm commodities for export. Farm commodities designated as surplus under the Surplus Property Act of 1944 may be sold for export subject only to the general provisions relating to the disposition of surplus property set forth in that Act. The Act also authorizes the Commodity Credit Corporation to dispose of or cause to be disposed of for cash or its equivalent in goods or for adequately secured credit for export only and at competitive world prices any farm commodity or product thereof without regard to restrictions with respect to the disposal of commodities imposed upon it by any other law. No food or food product may, of course, be exported if there is a domestic shortage or need

^{42/} See note 40 supra.

of any such food or food product.^{43/}

^{43/} Other pertinent provisions are those provided by subsections (a) and (b) of Section 21 of the Surplus Property Act of 1944, which vest responsibility for the formulation of federal policy with respect to the disposal of all surplus agricultural commodities and their products in the War Food Administrator, and by section 33 of the Act, which provides for restrictions on the importation of surplus property into the United States. These sections read as follows:

"Sec. 21. (a) Subject to the supervision of the Board, the War Food Administrator, or his successor, shall be solely responsible for the formulation of policies with respect to the disposal of surplus agricultural commodities and surplus foods processed from agricultural commodities, which shall be administered by the disposal agency or agencies designated by the board. Such policies shall be so formulated as to prevent surplus agricultural commodities, or surplus food processed from agricultural commodities, from being dumped on the market in a disorderly manner and disrupting the market prices for agricultural commodities.

"(b) The Board shall not exercise any of its powers under this Act with relation to disposal of surplus cotton or woolen goods except with the approval in writing of the War Food Administrator or his successor.

"Sec. 33. (a) It is the policy of this Act to prohibit, so far as feasible and necessary to carry out the objectives of this Act, the importation into the United States of surplus property sold abroad or for export. The Board shall prescribe regulations to carry out such policy, and the importation of surplus property into the United States is hereby prohibited to the extent specified in such regulations. The Secretary of the Treasury is authorized and directed to provide for the enforcement of such regulations.

"(b) Surplus property sold to members of the armed forces abroad may be brought into the United States without regard to the provisions of subsection (a) if brought in by the original purchaser and upon certificate by him that he is bringing the property into the United States for his personal use."

See also remarks of Representative Whittington in explanation of the export provisions of the Act, 90 Cong. Rec., Sept. 18, 1944, at 7963.

As all this indicates, I think, the problems of supporting farm prices in the future, will be much more difficult and challenging than they have been thus far and are today. Finding practical solutions to these problems will not be the responsibility of any one agency in the Department and its successful accomplishment will require the concerted effort of all agencies and all employees of the Department.

A P P E N D I X

BASIC COMMODITIES

Loans for Two Years After War

Sec. 8. (a) The Commodity Credit Corporation is authorized and directed to make available upon any crop of the commodities cotton, corn, wheat, rice, tobacco, and peanuts harvested after December 31, 1941, and before the expiration of the two-year period beginning with the 1st day of January immediately following the date upon which the President by proclamation or the Congress by concurrent resolution declares that hostilities in the present war have terminated, if producers have not disapproved marketing quotas for such commodity for the marketing year beginning in the calendar year in which such crop is harvested, loans as follows:

- (1) To cooperators (except cooperators outside the commercial corn-producing area, in the case of corn) at the rate in the case of cotton of 92-1/2 per centum [except with respect to cotton crops harvested after December 31, 1943, but not with respect to cotton crops planted after 1944, 95 per centum], and at the rate in the case of the other commodities of 90 per centum, of the parity price for the commodity as of the beginning of the marketing year;
- (2) To cooperators outside the commercial corn-producing area, in the case of corn, at the rate of 75 per centum of the rate specified in (1) above;
- (3) To noncooperators (except noncooperators outside the commercial corn-producing area, in the case of corn) at the rate of 60 per centum of the rate specified in (1) above and only on so much of the commodity as would be subject to penalty if marketed.

(Stabilization Act of 1942, 56 Stat. 767 (1942), 50 U.S.C. App. § 968(a) (Supp. III), as amended by the Stabilization Extension Act of 1944, Pub. L. No. 383, 78th Cong., 2d Sess. (June 30, 1944) § 204, and the Surplus Property Act of 1944, Pub. L. No. 457, 78th Congress, 2d Sess. (Oct. 3, 1944) § 37.)

STEAGALL COMMODITIES

Price Support for Two Years After War

Sec. 4.(a) Whenever during the existing emergency the Secretary of Agriculture finds it necessary to encourage the expansion of production of any non-basic agricultural commodity, he shall make public announcement thereof and he shall so use the funds made available under section 3 of this Act or otherwise made available to him for the disposal of agricultural commodities, through a commodity loan, purchase, or other operation, taking into account the total funds available for such purpose for all commodities, so as to support, during the continuance of the present war and until the expiration of the two-year period beginning with the 1st day of January immediately following the date upon which the President by proclamation or the Congress by concurrent resolution declares that hostilities in the present war have terminated, a price for the producers of any such commodity with respect to which such announcement was made of not less than 90 per centum of the parity or comparable price therefor. The comparable price for any such commodity shall be determined and used by the Secretary for the purposes of this section if the production or consumption of such commodity has so changed in extent or character since the base period as to result in a price out of line with parity prices for basic commodities. Any such commodity loan, purchase, or other operation which is undertaken shall be continued until the Secretary has given sufficient public announcement to permit the producers of such commodity to make a readjustment in the production of the commodity. For the purposes of this section, commodities other than cotton, corn, wheat, tobacco, peanuts, and rice shall be deemed to be non-basic commodities. (Act of July 1, 1941, as amended, 55 Stat. 498 (1941), 56 Stat. 768 (1942), 15 U.S.C. § 713a-8(a) (Supp. III).)

OTHER COMMODITIES

Price Support Policy

Sec. 4 * * *

(b) It is hereby declared to be the policy of the Congress that the lending and purchase operations of the Department of Agriculture (other than those referred to in subsection (a)) shall be carried out so as to bring the price and income of the producers of non-basic commodities not covered by any such public announcement to a fair parity relationship with other commodities, to the extent that funds for such operations are available after taking into account the operations with respect to the basic commodities and the commodities listed in any such public announcement and the ability of producers to bring supplies into line with demand. (Act of July 1, 1941, 55 Stat. 498 (1941), 15 U.S.C. § 713a-8(b) (Supp. III).)

BASIC AND STEAGALL COMMODITIES

Congressional Direction to Assure Producers Parity or Other Applicable Price

Sec. 3. * * *

The President, acting through any department, agency, or office of the Government, shall take all lawful action to assure that the farm producer of any of the basic agricultural commodities (cotton, corn, wheat, rice, tobacco, and peanuts) and of any agricultural commodity with respect to which a public announcement has been made under section 4(a) of the Act entitled "An Act to extend the life and increase the credit resources of the Commodity Credit Corporation and for other purposes," approved July 1, 1941, as amended (relating to supporting the prices of nonbasic agricultural commodities), receives not less than the higher of the two prices specified in clauses (1) and (2) 1/ of this section (the latter price as adjusted for gross inequity. * * * (Stabilization Act of 1942, as amended by Stabilization Extension Act of 1944, Pub. L. No. 383, 78th Cong., 2nd Sess. (June 30, 1944) § 201(b).) 2/

DISPOSAL OF COMMODITIES

Appropriation Act Restrictions

Fiscal Year, 1945

* * * Provided further, That none of the fund made available by this paragraph [for administrative expenses of the Commodity Credit Corporation] shall be used for administrative expenses connected with the sale of Government-owned or Government-controlled stocks of farm

-
- 1/ These prices are: (1) the parity or comparable price (adjusted for grade, location and season) for the commodity; or (2) the highest price received by producers for the commodity between January 1 and September 15, 1942 (adjusted for grade, location and season), or, if the market for the commodity was inactive during the latter half of such period, a price in line with the prices during such period of other commodities produced for the same general use. See Section 3 of the Stabilization Act of 1942.
- 2/ Unless the Stabilization Act of 1942 is further extended, this provision will terminate with the termination of the act on June 30, 1945. See section 6 of the act, as amended by the Stabilization Extension Act of 1944.

commodities at less than parity price as defined by the Agricultural Adjustment Act of 1938 or the comparable price as provided by section 4(a) of the Act of July 1, 1941, as amended (15 U.S.C. 713a-8); and the method that is now used for the purposes of Commodity Credit Corporation loans for determining the parity price or its equivalent for 7/8-inch middling cotton at the average location used in fixing the base loan rate for cotton shall also be used for determining the parity price for 7/8-inch middling cotton at such average location for the purposes of this proviso: Provided further, That the foregoing shall not apply to the sale or other disposition of any agricultural commodity substantially deteriorated in quality (or in the case of perishable fruits and vegetables if there is danger of deterioration or of accumulation of stocks) or sold for the purpose of feeding, or the extraction of peanut oil, or commodities sold to farmers for seed or for new or byproduct uses: Provided further, That no wheat or corn shall be sold for feed at a price less than the parity price of corn at the time such sale is made: Provided further, That in making regional adjustments in the sale price of corn or wheat in [sic] the minimum price need not be higher in any area than the United States average parity price of corn. (Act of June 28, 1944, Public No. 367, Department of Agriculture Appropriation Act, 1945.)

Surplus Property Act Restrictions

Sec. 21. (a) Subject to the supervision of the Board, the War Food Administrator, or his successor, shall be solely responsible for the formulation of policies with respect to the disposal of surplus agricultural commodities and surplus foods processed from agricultural commodities, which shall be administered by the disposal agency or agencies designated by the Board. Such policies shall be so formulated as to prevent surplus agricultural commodities, or surplus food processed from agricultural commodities, from being dumped on the market in a disorderly manner and disrupting the market prices for agricultural commodities.

(b) The Board shall not exercise any of its powers under this Act with relation to disposal of surplus cotton or woolen goods except with the approval in writing of the War Food Administrator or his successor.

* * * * *

Sec. 33. (a) It is the policy of this Act to prohibit, so far as feasible and necessary to carry out the objectives of this Act, the importation into the United States of surplus property sold abroad or for export. The Board shall prescribe regulations to carry out

such policy, and the importation of surplus property into the United States is hereby prohibited to the extent specified in such regulations. The Secretary of the Treasury is authorized and directed to provide for the enforcement of such regulations.

(b) Surplus property sold to members of the armed forces abroad may be brought into the United States without regard to the provisions of subsection (a) if brought in by the original purchaser and upon certificate by him that he is bringing the property into the United States for his personal use.

(Surplus Property Act of 1944, Pub. L. No. 457, 78th Cong., 2d Sess. (Oct. 3, 1944).)

Sale of Cotton

Agricultural Adjustment Act of 1938

Sec. 381. (c) The Commodity Credit Corporation is authorized on behalf of the United States to sell any cotton of the 1937 crop so acquired by it, but no such cotton or any other cotton held on behalf of the United States shall be sold unless the proceeds of such sale are at least sufficient to reimburse the United States for all amounts (including any price-adjustment payment) paid out by any of its agencies with respect to the cotton so sold. After July 31, 1939, the Commodity Credit Corporation shall not sell more than three hundred thousand bales of cotton in any calendar month, or more than one million five hundred thousand bales in any calendar year. The proceeds derived from the sale of any such cotton shall be used for the purpose of discharging the obligations assumed by the Commodity Credit Corporation with respect to such cotton, and any amounts not expended for such purpose shall be covered into the Treasury as miscellaneous receipts. (Agricultural Adjustment Act of 1938, 52 Stat. 67(1938), 7 U.S.C. § 1381(c) (1940).)

STEAGALL ANNOUNCEMENT - 1944

CERTAIN AGRICULTURAL COMMODITIES

PUBLIC ANNOUNCEMENT (1944) WITH RESPECT
TO SUPPORT PRICES

Public announcement has heretofore been made (6 F.R. 4644; 7 F.R. 422, 9986; 8 F.R. 12524) pursuant to the provisions of section 4(a) of the act approved July 1, 1941, 55 Stat. 498, as amended by the act approved October 2, 1942, 56 Stat. 768, that it was necessary to encourage the expansion of the production of the agricultural commodities named below, with the exception of sweet potatoes, for which announcement is hereby made. Therefore, the War Food Administrator, in accordance with such act and section 2 of the act approved February 28, 1944, 58 Stat. 105, hereby announces, for the periods specified herein, the following support prices for the benefit of eligible producers of such commodities. Such support prices are subject to adjustment, where applicable, for season, location, type, grade, and class. Such adjustments, the conditions of eligibility for such price support, and the periods during which price support operations will be carried out, other than those specified herein, will be as specified in announcements issued in connection with particular price support operations.

COMMODITY, AND LEVEL AND PERIOD OF PRICE SUPPORT

Hogs: 90 percent of the parity price, but during the period October 1, 1944, to March 31, 1945, not less than \$12.50 per cwt. average for good to choice butcher hogs weighing 200 to 240 pounds, at Chicago, with appropriate differentials for other markets.

Eggs: 90 percent of the parity price, but in no event less than specified prices to be announced from time to time.

Chickens (excluding chickens weighing less than three pounds live weight and all broilers) and turkeys: 90 percent of the parity price, but in no event less than specified prices to be announced from time to time.

Milk and butterfat: 90 percent of the parity price, but in any event returns to producers during the period ending December 31, 1944, not less than 30 cents per cwt. for whole milk or 4 cents per pound for butterfat above returns to producers reflected by the following: A price for U. S. Grade A or No. 1 American cheddar cheese of 27 cents per pound, Plymouth, Wisconsin, basis; a price for spray-dried skim milk of 14-1/2 cents per pound and for roller-dried skim milk of 12-1/2 cents per pound, U. S. extra grade, basis f.o.b. Midwest plants; and a price for U. S. Grade A or 92 score butter of 46 cents per pound, Chicago basis.

The 1944 crop of dry peas of the varietal types Alaska, Bluebell, Scotch Green, First and Best, White Canada, Colorado White, and Marrowfat: 90 percent of the comparable price calculated as of the beginning of the marketing year (August 1), but in no event less than \$5.65 per cwt. for U. S. No. 1 peas and \$5.40 per cwt. for U. S. No. 2 peas, cleaned and bagged, in carload lots, f.o.b. cars at country shipping points.

The 1944 crop of dry edible beans of the varietal types Pea, Medium White, Great Northern, Small White, Flat Small White, Pink, Pinto, Small Red, Cranberry, Lima, Baby Lima, Light Red Kidney, Dark Red Kidney, Western Red Kidney; 90 percent of the parity price calculated as of the beginning of the marketing year (September 1), but in no event less than \$6.50 per cwt. for U.S. No. 1 and \$6.35 per cwt. for U. S. No. 2 Pea, Medium White, Great Northern, Small White, Flat Small White, Pink, Pinto, Small Red, and Cranberry, \$7.50 per cwt. for U. S. No. 1 and \$7.35 per cwt. for U. S. No. 2 Lima and Baby Lima, and \$8.00 per cwt. for U. S. No. 1 and \$7.85 per cwt. for U. S. No. 2 Light Red Kidney, Dark Red Kidney and Western Red Kidney, cleaned and bagged, in carload lots, f.o.b. cars at country shipping points.

The 1944 crop of soybeans for oil: 90 percent of the comparable price calculated as of the beginning of the marketing year (October 1), but in no event less than \$2.04 per bushel for Yellow or Green Soybeans, and \$1.84 per bushel for Brown, Black or Mixed Soybeans, U. S. Grade No. 2 or better and 14 percent moisture content, delivered to country elevator or other normal producer delivery point, with appropriate quality premiums and discounts.

The 1944 crop of peanuts for oil: 90 percent of the comparable price calculated as of the beginning of the marketing year (September 1), but in no event less than \$160 per ton for Virginia type peanuts of a sound, mature kernel content of 65 percent, Spanish type peanuts of a sound, mature kernel content of 70 percent, and Valencia type peanuts of a sound, mature kernel content of 65 percent, and \$145 per ton for runner type peanuts of a sound, mature kernel content of 65 percent, delivered to warehouse or other normal producer delivery point, with appropriate premiums and discounts for other qualities.

The 1944 crop of flaxseed for oil: 90 percent of the parity price calculated as of the beginning of the marketing year (June 1), but in no event less than \$2.95 per bushel for U. S. No. 1 flaxseed and \$2.90 per bushel for U. S. No. 2 flaxseed, basis Minneapolis, with appropriate differentials for flaxseed at other locations.

The 1944 crop of American-Egyptian cotton: 90 percent of the parity price calculated as of the beginning of the marketing year (August 1).

The 1944 crop of potatoes: 90 percent of the parity price calculated as of January 1, 1944, for early and intermediate potatoes and as of July 1, 1944, for other potatoes, but in no event less than specified prices for certain grades of potatoes in specified commercial areas to be announced from time to time.

The 1944 crop of sweet potatoes (when properly cured): 90 percent of the parity price calculated as of the beginning of the marketing year (July 1), but in no event less than the following prices per bushel for U. S. No. 1 or better cured sweet potatoes; \$1.50 in December, \$1.65 in January, \$1.75 in February, packed in standard crates, baskets or hampers, in lots of 1,000 bushels or more, f.o.b. cars or local storage warehouse. The support price for U. S. No. 2 cured sweet potatoes containing at least 75 percent U. S. No. 1 quality cured sweet potatoes, will be 15 cents less per bushel than the support price for U. S. No. 1 cured sweet potatoes.

The prices specified in this announcement, to the extent that they exceed 90 percent of the parity or comparable price, are applicable only to commodities marketed during the periods specified above, or during the periods specified in connection with the announcements of particular loan, purchase, or other operations, and, with respect to the commodities produced on an annual crop basis, are applicable only to the 1944 crop of such commodities. After the close of the period specified herein or in connection with such announcements and for crops produced subsequent to the 1944 crop, price support for the commodities listed above will be continued during the period prescribed by the act of October 2, 1942, 56 Stat. 768, at not less than 90 percent of the parity or comparable prices. However, the precise level of such support, to the extent that it may exceed 90 percent of the parity or comparable price, and any conditions of eligibility for price support (including conditions relating to acreage or production requirements) will be covered in subsequent announcements.

The provisions of this announcement shall prevail in the event of any conflict between them and provisions of any announcement heretofore made.

Done at Washington, D. C., this 4th day of May 1944.

MARVIN JONES,
War Food Administrator

